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ABSTRACT

This document reports on the second in a series of hearings on the reauthorization of expiring federal elementary and secondary education programs. Corporate business leaders presented their views on the reauthorization of Chapter 1. Five witnesses, representing manufacturing, education programs funded under the Education Improvement and Consolidation act. Support of Chapter 1 programs was unanimous because the quality of public education is vital to the Nation's economy. The witnesses requested that the following points be considered: (1) the Federal Government has responded in the past when previous generations of Americans have faced education-related crises; (2) the Elementary and Secondary Education Act of 1965 recognized the unmet educational needs of disadvantaged children; (3) Chapter 1 has been successful in assisting low-income children; (4) less than half of the children now eligible for Chapter 1 are able to participate due to declining federal support; (5) Chapter 1 should become the centerpiece of an array of additional programs; (6) the estimated losses caused by underinvestment in Chapter 1 may be as high as $200 billion for each cohort of dropouts; and (7) Chapter 1's effectiveness must be judged on a long-term basis. Prepared statements from six additional business leaders and a member of Congress are appended. (FMW)

REAUTHORIZATION OF EXPIRING FEDERAL ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

Corporate Business Leaders on the Reauthorization of Chapter 1

Volume 2

JOINT HEARING

BEFORE THE

SUBCOMMITTEE ON ELEMENTARY, SECONDARY, AND VOCATIONAL EDUCATION

OF THE

COMMITTEE ON EDUCATION AND LABOR

HOUSE OF REPRESENTATIVES

AND THE

SUBCOMMITTEE ON EDUCATION, ARTS AND HUMANITIES

OF THE

COMMITTEE ON LABOR AND HUMAN RESOURCES

UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

H.R. 5, H.R. 950, and S. 373

HEARING HELD IN WASHINGTON, DC, MARCH 16, 1987

Serial No. 100-3

Printed for the use of the House Committee on Education and Labor and the Senate Committee on Labor and Human Resources

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REAUTHORIZATION OF EXPIRING FEDERAL ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

Corporate Business Leaders on the Reauthorization of Chapter 1

(Volume 2)

MONDAY, MARCH 16, 1987

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON ELEMENTARY, SECONDARY
AND VOCATIONAL EDUCATION,
COMMITTEE ON EDUCATION AND LABOR,
U.S. SENATE,
SUBCOMMITTEE ON EDUCATION, ARTS, AND HUMANITIES,
COMMITTEE ON LABOR AND HUMAN RESOURCES,
Washington, DC.

The subcommittees met, pursuant to notice, at 9:51 a.m., in room 2175, Rayburn House Office Building, Hon. Augustus Hawkins presiding.

House Members present: Representatives Hawkins, Kildee, and Gunderson.

Senate Members present: Senators Pell, Simon, and Stafford.

Staff present: John F. Jennings, Counsel; Nancy Kober, Legislative Specialist; Bev Griffin, Staff Assistant; Judith Billings, Legal Intern; David Evans; Ann Young; Ann Price; Sarah Flanagan. Beth Buehlmann, Education Staff Director; Andy Hartman, Senior Legislative Associate; Jo-Marie St. Martin, Legislative Associate; Pat Morrissey, Senior Legislative Associate; Polly Gault; Ellin Nolan; Elizabeth Hackett.

[Opening statement of Chairman Hawkins follows:]

OPENING STATEMENT OF HON. AUGUSTUS F. HAWKINS A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA AND CHAIRMAN, HOUSE COMMITTEE ON EDUCATION AND LABOR

The Subcommittee on Elementary, Secondary, and Vocational Education and the Senate Subcommittee on Education, Arts, and Humanities are pleased to join together this morning for what I consider an unprecedented hearing. We are privileged today to have with us a panel of several distinguished business leaders—the first time, to our knowledge, that a group of corporate leaders have appeared on behalf of a Federal education program.

The panel this morning consists of chief executive officers and officials from around the country, representing a variety of business concerns—manufacturing, banking, telecommunications. The are all forward-thinking leaders who understand the link between a quality educational system and economic strength.

Today's hearing is a continuation of the House and Senate hearings on the reauthorization of the Chapter 1 program for disadvantaged children.

We welcome you gentlemen this morning.

Chairman HAWKINS. The House Subcommittee on Elementary, Secondary, and Vocational Education, and the Senate Subcommittee on Education, Arts, and Humanities are called to order.

The hearing this morning is a joint hearing on the reauthorization of the Education Consolidation and Improvement Act, and in preparation for the hearing, inasmuch as we are starting a few minutes before time, the Chair would like to call on various Members present for brief statements concerning the nature of the hearing. May the Chair simply indicate that yesterday in a column in the New York Times, Sunday, March 15, 1987, by Mr. Albert Shanker, President of the American Federation of Teachers, he made this statement:

Tomorrow will be a historic day. For more than 20 years, the U.S. Government has been spending billions on educating disadvantaged children through Chapter 1. Every few years the program comes up for Congressional review.

And then he went on to support his idea that this is a historic day in that this, so far as we know, is the first instance in which corporate leaders have testified on Chapter 1. Now we know that many of the corporate leaders have testified on other subjects. For example, quite recently Mr. Bill Woodside of American Can Company did testify before the subcommittee on the subject of literacy. This, however, is historic in the sense that it is a meeting of the members of the two committees referred to and corporate leaders.

In that respect, I think that we can be, in deed, grateful that at last we do have some communication.

Let me, let the Chair yield at this point to Senator Stafford, the Ranking Republican Member of the Senate Subcommittee.

Senator STAFFORD. Thank you very much, Mr. Chairman.

It is a pleasure to be able to participate today in this hearing, which is the first Senate-House hearing on education to be held in the 100th Congress, although I recall with pleasure that Chairman Hawkins and I and others from both sides of the Capitol participated in a number of, I thought, very useful hearings last year.

It is necessary for members of our two subcommittees to get the perspective of members of the business community on how we can together improve education and opportunity for our citizens. I have become increasingly convinced that without greater cooperation between schools and businesses, the quality of education will suffer for our nation, particularly at the higher school level. We need to involve more business as well as other community organizations if we are to successfully address the myriad of problems which have now surfaced in American secondary education.

Schools alone cannot complete the mission of better preparing our young people for success in the worlds of higher education and work. The input of business leaders at the local, state, and federal levels will help us design programs which are practical and effective. I appreciate the time which today's witnesses are taking out of their very busy schedule to help us, and I look forward, Mr. Chairman, to hearing their testimony this morning.

Chairman HAWKINS. Thank you.

Before turning the gavel over to Senator Pell, may the Chair simply introduce the witnesses who are seated at the witness table, beginning with Mr. William S. Woodside, Chairman, Executive Committee, the American Can Company; Mr. Charles W. Parry, Chairman and Chief Executive Officer, Aluminum Company of America; Mr. William S. Edgerly, Chairman, State Street Bank Trust Company; Mr. Charles Marshall, Vice Chairman, American Telephone and Telegraph Company; Mr. Gerald D. Foster, Region Vice President, Pacific Telesis Group.

And my understanding is that Mr. Woodside will be more or less the anchor person on this panel, but before asking him to lead off, may I, at this point, with great pride, turn the gavel over to Senator Pell, who is Chairman of the Senate Subcommittee on Education, Arts, and Humanities.

Senator Pell?

Chairman PELL. Mr. Chairman, I would like to commend and congratulate you for your initiative in calling this joint hearing on private sector support for the Chapter 1 program. I only wish we had more joint sessions of this sort, because it gives us a better opportunity to develop productive legislation.

Though we have never devoted a hearing solely to the private sector topic of today, business support of compensatory education should not be a surprising concept. The leaders of industry we shall hear from shortly should be praised for their interest in and support of the program that is truly the cornerstone of the federal effort in elementary and secondary education.

It is my hope that their presence here today will serve to underscore the fact that providing a quality education for all of our nation's children is the fundamental responsibility of our society. It is important to realize that while this responsibility is administered by government—local, state, and federal—it must also be upheld by the other sectors. The future of our nation depends on the size and scope of the investment we make in the development of our students, students who eventually become like you, leaders.

Failure to do so will only result in costs which society will be forced to bear in later years. These costs—loss of productivity, welfare payments, crime, and ungenerated taxes—are many times the cost of a sound education. And business itself bears the direct cost of remedial education and basic skills training to the tune of $40 billion a year annually.

I am hopeful the sentiment expressed this morning is echoed again by active support for increasing funding for this program as well as other federal education programs in the budget process.

And I regret, too, and present my apologies now, that I must leave shortly for a hearing in the Foreign Relations Committee, but any testimony I miss I will carefully review, and I would ask permission to submit questions to them in writing for the record, without objection.

Our first witness will be Mr. Woodside.

STATEMENT OF WILLIAM S. WOODSIDE, CHAIRMAN, EXECUTIVE COMMITTEE, AMERICAN CAN CO.

Mr. WOODSIDE. Thank you very much, Senator.

We are senior officers of five major American corporations. Our companies are engaged in manufacturing, banking, communications, financial services, and specialty retailing. Our business interests are spread throughout the entire country.

Despite the diversity of our businesses and our regional locations, we are agreed that the quality of public schooling we provide to all our children, including disadvantaged children, will play a major role in the ability of the United States to develop a competitive economy and a strong society. Our collective appearance here today is intended to underscore the importance we attach to national efforts to provide educational opportunities for disadvantaged and low-income children, and our specific support for the renewal of the Chapter 1 program of federal education aid for disadvantaged and low-income children.

Demographic data shows us that by the year 2000, a full one third of the nation's children will be economically disadvantaged. We believe this country's self-interest, as well as our own commitment to social equity and social justice requires that these young people not be deprived of the opportunity to succeed in educational and in economic terms.

Therefore, we respectfully suggest that as the 100th Congress considers the Chapter 1 reauthorization program, you keep the following points in mind.

When previous generations of Americans have faced crises related to education, we have responded with generous programs of federal support in the national interest, the creation of land grant colleges, the GI bill, the Vocational Education Act, and the National Defense Education Act. All are testimony to this fact.

Secondly, in 1965 the nation recognized that the educational needs of low-income and disadvantaged children were not being adequately met, largely because of insufficient resources and attention. The 89th Congress responded effectively by enacting the Elementary and Secondary Education Act.

The Chapter 1 program that provided supplemental assistance to schools with high concentrations of low-income children was a central feature of the Elementary and Secondary Education Act. This program has been highly successful. During the past 20 years, the reading scores of children receiving Chapter 1 benefits have sharply improved. Their math scores have improved. Not only have their overall test scores been strengthened, but the children enrolled in these programs learn at a faster rate than similar children without the benefits of Chapter 1 assistance. The program has not attained all its goals or been a success in every instance. We are, however unquestionably better off with Chapter 1 than without it.

Despite its proven successes, less than half the children now eligible for Chapter 1 actually participate. This shortcoming is due largely to the fact that in terms of constant dollars, federal support for the program has decreased, decreased 22 percent since 1980. Although increased educational support by state and local governments has made up the difference in dollars, these extra funds have been used for general support and have not been targeted to disadvantaged and low-income children.

The need for the Chapter 1 program may be greater now than at any time in the last 20 years. One of every five children in Amer-

ica comes from a low-income family. 20 of the largest school districts in the country are majority minority districts in which minority students with large concentrations of low-income comprise the majority of all the students enrolled in the school system.

Children constitute the largest age group living in poverty in the United States today. 90 percent of the increase in children born into poverty in recent years has occurred in single-parent households headed by a black or hispanic woman. Children who have the least need the public schools the most.

The Chapter 1 program should be seen as the proven centerpiece around which additional programs to aid disadvantaged children can be organized. A whole range of options for providing assistance to the disadvantaged can be developed, but unless and until a better alternative can be proven, Chapter 1, because of its widespread acceptance both politically and educationally must remain the central element of our compensatory education initiatives.

For Chapter 1 to remain the centerpiece of a national effort to improve education for disadvantaged and low-income children, the program must be reauthorized and given sufficient resources to do the job Congress intended. While we do not know the precise level of funding that should be set, we urge you to consider the continuing costs that will be the consequence of leaving unserved half the children who are eligible, but not now helped.

Underinvesting in Chapter 1 has severe consequences. David Kearns, Chairman and Chief Executive Officer of Xerox, for example, has estimated that the cost to private industry of retraining American workers who are not adequately educated in basic reading, writing, and computational skills is $2 billion per year. Other studies show that each year we incur an additional 26 billion in social program costs as a result of our failure to graduate another one million at-risk students. This is merely the visible cost. It excludes foregone tax revenues and lost productivity. Some estimates show that society loses as much as $200 billion for each additional cohort of a million dropouts.

A public education system that provides the full range of educational opportunities for all of its children will strengthen our local communities, provide society with trained workers and informed citizens, help improve our productivity, and halt our slide into a two-tiered society whose have-nots are needlessly shoved into lives without hope or without meaning. Education has been the traditional avenue of opportunity by which low-income and disadvantaged people might escape the trap of poverty. Witness the role the public schools played for the generation who went through the Great Depression, or the opportunities the GI bill provided for millions of veterans.

If we fail to provide reasonable education opportunities to current and future generations of low-income, disadvantaged, and minority children, we will very likely relegate them to being a part of a permanent underclass in the United States. Enhancing educational opportunity is an investment. The size of the investment we make, however, is not the fundamental issue. What counts is the return on this investment, particularly the long-term benefits. As early childhood programs have demonstrated, investments in education can and will produce long-term returns far in excess of the

original investment. But we must allow our investment to grow and mature.

Building a business takes vision, patience, and capital sufficient to achieve the goals of a business plan. Looking back on the 20 years of Congressional support, the nation can see clearly the vision and patience of your leadership. As you look forward, we hope you will make available the resources needed to fully develop and protect this investment.

Thank you very much.

[Prepared statement of William S. Woodside follows:]

PREPARED STATEMENT OF WILLIAM S. WOODSIDE, CHAIRMAN, EXECUTIVE COMMITTEE, AMERICAN CAN CO., CHAIRMAN, BOARD OF DIRECTORS, THE INSTITUTE FOR EDUCATIONAL LEADERSHIP

For the past several years, there has been a great outpouring of words and concern at all levels of government and in the private sector about the status of public education in this country. The concern has been genuine, and it reflects a general sense that our system of public education either is not what it once was, or is not what we would like it to be.

But in terms of public policy choices, it often seems that our words take us in one direction while our actions take us in another.

We are constantly reminded that education is the gateway to opportunity in this country, that our children are our greatest natural resource, and that every young person deserves an opportunity.

But that's not the message that's reflected in the Reagan Administration's budgets and that's not the message we find in Gramm-Rudman-Hollings.

The budget restraints on the Chapter I program might be palatable if Chapter I had achieved most of what it had set out to do. But restraints on the program never allowed it to reach its full potential and the current restraints are occurring at a time when the job is far from complete - and also at a time when, because of economic and social conditions in this country, this program and others of its genre may be more necessary than at any time in the past 20 years.

Chapter I was the first federal education program to pay for paraprofessionals. It provided an enormous opportunity for parent involvement in the school system. It provided opportunities for community involvement. It emphasized the values of family and community. The major flaw with Chapter I is that 40 to 50 percent of the children eligible for the program never participated. The reason? Inadequate funding.

At a time when so many young children are growing up in conditions of poverty it is simply tragic to fail to fund Chapter I at anything less than its fullest potential.

It is increasingly evident just how closely related the health and vitality of the American business community are to the health and vitality of the communities in which we live and work and the nation as a whole. The quality of education we provide to all of our children - rich and poor alike - is central to developing and sustaining this health and vitality.

For both patriotic and self-serving purposes the business community must be involved in efforts to revitalize American public education. The interest in the public schools which the business community has demonstrated in recent years will hopefully be sustained through local, state and national efforts. School business partnerships are fine as far as they go. However, business leaders need to also become involved in the political process as advocates for greater public sector support for public education.

I am told that this hearing today represents an important watershed in the growing involvement of American business leaders in public education. This hearing is, we are also told, a precedent-setting event in that senior officers of major U.S. corporations are testifying together not to discuss tax or merger bills, but to underscore the significance we attach to national efforts to educate all of our nation's children. If this is so, then it is a mark not only of how far we have come, but how far we have yet to go.

The reauthorization upon which you are embarked is at a critical juncture in recognizing the importance we as a nation attach to providing educational opportunities to disadvantaged children. I hope you will be generous with today's authorizations, because you are setting the level of tomorrow's payoffs, and I expect that you will find increasing business recognition of this very important program.

PREPARED STATEMENT OF WILLIAM S. WOODSIDE, CHAIRMAN, EXECUTIVE COMMITTEE, AMERICAN CAN CO.; CHARLES W. PARRY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, ALUMINUM CO. OF AMERICA; WILLIAM S. EDGERLY, CHAIRMAN, STATE STREET BANK & TRUST CO.; CHARLES MARSHALL, VICE CHAIRMAN, AMERICAN TELEPHONE & TELEGRAPH CO.; GERALD D. FOSTER, REGION VICE PRESIDENT, PACIFIC TELESIS GROUP

We are senior officers of five major American corporations. Our companies are engaged in manufacturing, banking, communications, financial services and specialty retailing. Our business interests are spread throughout the country.

Despite the diversity of our businesses and our regional locations, we are agreed that the quality of public schooling we provide to all our children, including disadvantaged children, will play a major role in the ability of the United States to develop a competitive economy and a strong society.

Our collective appearance here today is intended to underscore the importance we attach to national efforts to provide educational opportunities for disadvantaged and low-income children and our specific support for the renewal of the Chapter I program of federal education aid for disadvantaged and low-income children.

Demographic data shows us that by the year 2000, a full one-third of the nation's children will be economically disadvantaged. We believe the nation's self-interest, as well as our own commitment to social equity and social justice, requires that these young people not be deprived of the opportunity to succeed in educational and economic terms.

Therefore, we respectfully suggest that as the 100th Congress considers the Chapter I reauthorization program, you keep the following points in mind:

1. When previous generations of Americans have faced crises related to education, we have responded with generous programs of Federal support in the national interest. The creation of land grant colleges, the G.I. Bill, the Vocational Education Act, and the National Defense Education Act all are testimony to this fact.

2. In 1965, the nation recognized that the educational needs of low-income and disadvantaged children were not being adequately met, largely because of insufficient resources and attention. The 83rd Congress responded by enacting the Elementary and Secondary Education Act.

3. The Chapter I program that provided supplemental assistance to schools with high concentrations of low-income children was a central feature of the Elementary and Secondary Education Act. This program has been highly successful. During the past 20 years, the reading scores of children receiving Chapter I benefits have improved. Their math scores have improved. Not only have their overall test

scores been strengthened, but the children enrolled in these programs learn at a faster rate than similar children without the benefits of Chapter I assistance. The program has not attained all its goals or been a success in all instances. We are, however, unquestionably better off with Chapter I than without it.

4. Despite its proven successes, less than half the children now eligible for Chapter I actually participate. This shortcoming is due largely to the fact that, in terms of constant dollars, Federal support for the program has decreased. Although increased educational support by State and local governments has made up the difference in dollars, these extra funds have been used for general support and have not been targeted to disadvantaged and low-income children.

5. The need for the Chapter I program may be greater now than at any time in the last 20 years. One of every five children in America comes from a low-income family. Twenty of the largest school districts in the country are "majority minority" districts in which minority students with large concentrations of low-income families comprise the majority of all students enrolled in the school system.

   Children constitute the largest age group living in poverty in the United States. Ninety percent of the increase in children born into poverty in recent years has occurred in single-parent households headed by a black or Latino woman. Children who have the least, need the public school the most.

6. The Chapter I program should be seen as the proven centerpiece around which additional programs to aid disadvantaged children can be organized. A whole range of options for providing assistance to the disadvantaged can be developed, but unless and until a better alternative can be proven, Chapter I, because of its widespread acceptance both politically and educationally, must remain the central element of our compensatory education initiatives.

7. For Chapter I to remain the centerpiece of a national effort to improve education for disadvantaged and low-income children, the program must be reauthorized and given sufficient resources to do the job Congress intended. While we do not know the precise level of funding that should be set, we urge you to consider the continuing costs that will be the consequence of leaving unserved half the children who are eligible but not now helped.

8. Underinvesting in Chapter I has severe consequences. David Kearns Chairman and CEO of Xerox, for example has estimated that the cost to private industry of retraining American workers who are not adequately educated in basic reading, writing, and computational skills is two billion dollars per year. Other studies show that each year we incur an additional $26 billion in social program costs as a result of our failure to graduate another one million at risk students. This is merely the visible cost: it excludes foregone tax revenues and lost productivity. Some estimate that society loses as much as $200 billion for each additional cohort of dropouts.

9. Enhancing educational opportunity is an investment. The size of the investment we make, however, is not the fundamental issue. What counts is the return on our investment, particularly the long-term benefits. As early childhood programs have demonstrated, investments in education can, and will, produce long-term returns far in excess of the original investment. But we must allow our investment to grow and mature.

   Building a business takes vision, patience, and capital sufficient to achieve the goals of a business plan. Looking back on 20 years of Congressional support, the nation can see clearly the vision and patience of your leadership. As you look forward, we hope you will make available the resources needed to fully develop and protect this investment.

10. A public education system that provides the full range of educational opportunities for all of its children will strengthen our local communities, provide society with trained workers and informed citizens, help improve our productivity and halt our slide into a two-tiered society whose have-nots are needlessly shoved into lives without hope or meaning.

    Education has been the traditional avenue of opportunity by which low-income and disadvantaged people might escape the trap of poverty. Witness the role the public schools played for the generation who went through the Great Depression, or the opportunities the G.I. Bill provided for millions of veterans. If we fail to provide reasonable educational opportunities to current and future generations of low-income, disadvantaged and minority children we will very likely relegate them to being part of a permanent underclass in America.

Chairman PELL. Thank you very much indeed, Mr. Woodside.

Our next witness will be Mr. Charles Parry, Chairman and Chief Executive Office of the Aluminum Company of America.

Mr. Parry?

STATEMENT OF CHARLES W. PARRY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, ALUMINUM COMPANY OF AMERICA

Mr. PARRY. Thank you, Senator.

I am a resident of the city of Pittsburgh, which is also where I was born and raised. I am here to speak in support of Chapter 1 of the Education Consolidation and Improvement Act, both as an individual and on behalf of Alcoa.

There are those who view federal aid to education as being wrong, ineffectual, or wasteful. I am not one of those, nor are the vast majority of my colleagues.

Alcoa is 99 years old this year, and in the early days the company built its plants in largely rural areas to take advantage of the then-recent invention of hydroelectric power. In many cases we also had to build housing, hospitals and other kind of infrastructure, because none existed.

Schools were high on the construction list. In many cases the entire faculty was on Alcoa's payroll. That concern for education remains today. In many communities we are the largest single taxpayer and employer. It is in our best interest to be involved in education. In 1952 the company funded the Alcoa Foundation. Today it is the largest totally endowed corporate foundation in the country.

Over the years, a little more than half of the foundation's annual grants have gone to education at all levels. The point I wish to make here is that there is an ongoing interest in education on the part of this country's business community. Business's concern for education is based on a powerful fact of life. Education provides us a capable work force with communities in which we can live and operate, and ultimately with a prosperous marketplace.

I suspect you are aware of the many and complex issues surrounding the competitiveness of American industry these days. Much of what is written about the lack of competitiveness is true. What we do not hear much about is what is being done to regain a competitive posture. My own company is deeply involved in significant changes that are aimed not at just being able to compete, but to survive. While we are moving rapidly toward this end, the price is often high in terms of layoffs, early retirements, and some other aspects of restructuring. But perhaps the highest price of all is paid by those who cannot adapt.

Adaptability to change is one of critical importance. And education is a powerful asset to those who must change. Change by American business is a constant. It is simply a part of our lives. But without education, change is virtually impossible.

We have, arguably, the least homogeneous, most complex, and most highly textured society of all, and it comes largely from an education system that forestalled of a society based on class. Today as our society matures and population growth slows, we run a far greater risk of allowing classes to develop. We already have too many of our young at the margin, unable to adapt to change,

unable to compete for jobs, and unable to contribute to society at large.

We cannot afford to permit that segment of our population to grow, for to do so would be to risk the creation of a class system, the likes of which we have not known. I have found no disagreement with my own sense that the Chapter 1 programs are effective. In the Pittsburgh school district, approximately 9500 disadvantaged children are being helped. This is almost 20 percent of the district's enrollment. It is not surprising if one is familiar with the economic dislocation taking place in the Pittsburgh region.

Southwestern Pennsylvania has been terribly hurt by that dislocation. The worldwide overcapacity in steel and other industries has brought about the closures of the older, less competitive capacity, much of which is in our region. We are also a dynamic region and have managed to develop tens of thousands of new jobs to replace many of the mills jobs we have lost, but the new jobs that are being created are quite unlike those being replaced. The new jobs require trained people. They require people who are creative, flexible, and adaptive. And it is only through education that such jobs can be filled.

As we pass through this transition, such programs as Chapter 1 are essential. I can think of many reasons to reauthorize Chapter 1 funding. I can think of none, not even the budget deficit, to deny continued funding.

Thank you, Senator.

[Prepared statement of Charles W. Parry follows:]

PREPARED STATEMENT OF CHARLES W. PARRY, CHAIRMAN AND CHIEF EXECUTIVE OFFICER, ALCOA, ALUMINUM CO. OF AMERICA

I am Charles W. Parry. I am Chairman and CEO of Alcoa. I am a resident of the City of Pittsburgh, which is also where I was born and raised. I am here to speak in support of Chapter I of the Education Consolidation and Improvement Act, both as an individual and on behalf of Alcoa.

There are those who view Federal aid to education as being wrong, ineffective or wasteful. I am not one of those, nor are the vast majority of my colleagues. Alcoa is 99 years old this year, and in the early days, the company built its plants in largely rural areas to take advantage of the then-recent invention of hydroelectric power. In many cases, we also had to build housing, hospitals and other kinds of infrastructure because none existed. Schools were high on the construction list. In many cases, the entire faculty was on Alcoa's payroll.

That concern for education remains today. In many communities, we are the largest single taxpayer and employer. It is in our best interest to be involved in education.

In 1952, the company funded the Alcoa Foundation. Today, it is the largest totally-endowed corporate foundation in the country. Over the years, a little more than half of the Foundation's annual grants have gone to education at all levels.

The point I wish to make here is that there is an ongoing interest in education on the part of this country's business community.

Business's concern for education is based on a powerful fact of life: education provides us a capable workforce, with communities in which we can live and operate, and ultimately with a prosperous marketplace.

I suspect you are aware of the many and complex issues surrounding the competitiveness of American industry these days. Much of what is written about the lack of competitiveness is true. What we don't hear much about is what is being done to regain a competitive posture. My own company is deeply involved in significant changes that are aimed not just at being able to compete, but to survive.

While we are all moving rapidly toward this end, the price is often high in terms of layoffs, early retirements and some other aspects of restructuring. But perhaps the highest price of all is paid by those who cannot adapt. Adaptability to change is of critical importance, and education is a powerful asset to those who must change. Change by American business is constant; it is simply a part of our lives. But without education, change is virtually impossible.

We have, arguably, the least homogeneous, most complex and most highly textured society of all, and it comes largely from an educational system that forestalled the development of a society based on class.

Today, as our society matures and population growth slows, we run a far greater risk of allowing classes to develop. We already have too many of our young at the margin, unable to adapt to change, unable to compete for jobs, and unable to contribute to the society at large. We cannot afford to permit that segment of our population to grow, for to do so would be to risk the creation of a class system the likes of which we have not known.

I have found no disagreement with my own sense that the Chapter I programs are effective. In the Pittsburgh School District, approximately 9,500 disadvantaged children are being helped. This is almost 20 percent of the district's enrollment, and is not surprising if one is familiar with the economic dislocation taking place in the Pittsburgh region.

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But the new jobs that are being created are quite unlike those being replaced. The new jobs require trained people. They require people who are creative, flexible and adaptive. And it is only through education that such jobs can be filled. As we pass through this transition, such programs as Chapter I are essential.

I can think of many reasons to reauthorize Chapter I funding. I can think of none -- not even the budget deficit -- to deny continued funding.

Thank you.

Chairman PELL. Thank you very much, Mr. Parry. We very much appreciate your thoughts.

Our next witness is Mr. William Edgerly, the Chairman of the State Street Bank Trust Company.

Mr. Edgerly?

STATEMENT OF WILLIAM S. EDGERLY, CHAIRMAN, STATE STREET BANK TRUST CO.

Mr. EDGERLY. Thank you.

My name is William Edgerly. I am Chairman of State Street Bank & Trust Company in Boston. I was the first chairman of the Boston Private Industry Council and am currently one of its directors. The Boston PIC helped to create the Boston Compact as a way of linking improvements in the schools with employment opportunities in the private sector. I hope our experience with the compact might be of some value in your consideration of Chapter 1.

In 1979, the Bostor PIC, a public-private partnership that includes the CEOs of a dozen leading employers in the city, city officials, and the head of community training organizations began working to increase the skill training programs available for the unemployed. We soon found that a third of the cost of training was being spent on remediation of those who had left school without an elemental grasp of reading, writing, and arithmetic. Disadvantaged people who lacked these basic skills, let alone vocational skills, faced bleak employment prospects. So the PIC soon became actively involved in the Boston public schools.

In Boston, where the economy is robust and unemployment is among the lowest in the nation, many of our citizens are not only unemployed, but are virtually unemployable. 25 percent of Boston's adults lack a high school diploma. As much as 50 percent of our citizenry is only marginally literate, unable to read basic instructions or complete a job application.

Our city school population represents seven percent of the state's total, but 49 percent of all black students, 24 percent of all hispanic students, and 12 percent of all students with special needs. Three quarters of our students live in single-parent or foster homes. 60 percent come from AFDC families. 50 percent are living in publicly assisted housing.

1000 girls leave high school every year in Boston to bear children. Classes are taught in 38 languages to accommodate the large immigrant population.

The value of Chapter 1 is in providing compensatory education for these young people who are most in need so that they can go on to obtain the necessary skills to compete in the labor market. Quality education for the disadvantaged should be viewed as an investment, not an expense. Chapter 1 remedial reading and mathematics programs clearly have helped improve the skills of millions of elementary school students. Early academic intervention can cut in half the number of young people who later fall prey to illiteracy, unemployment, and teenage pregnancy.

20 years of research on preschool education has demonstrated the effectiveness of such early prevention. Although such initiatives seem costly, the nation will incur much higher costs for older

children if it defers the expense of preventive programs during the formative years. We should not limit our efforts to the elementary level, although most of Chapter 1 funding is appropriately directed to the lower grades. We need to improve basic education for all students to reduce the chances that those at risk will drop out of the system.

A range of remedial education and support services extending from kindergarten through the 12th grade is valuable in keeping disadvantaged children from losing ground as they progress to each higher grade level.

The Hawkins-Goodling bill proposes additional assistance of $100 million in fiscal 1988 at the high school, and this is an important extension of the impact of Chapter 1. Urban schools are qualitatively different from suburban schools in the populations they serve, in the way they are administered, and in the demands which they must meet.

The bill seeks to target the program further by instituting a concentration grant formula to focus additional funds on schools that have at least 75 percent of the children from low-income families. I support this program for school-wide programs with the—for the schools with the poorest students, and I endorse the setting of measurable goals as a way to achieve real and lasting change.

Only six percent of all funding to support elementary and secondary schools in this country comes from federal sources, principally under Chapter 1. Boston receives $15 million of Chapter 1 funding per year for our 57,000 students. Greater targeting of funds on fewer school systems where there are the highest concentrations of the poor, principally in urban areas, would allow for a greater leverage on these funds, and the greatest impact on educational improvement for disadvantaged students.

Increased emphasis on the concept of partnership among local school systems, state departments of education, and the private sector also would gain greater leverage for Chapter 1 funds. Incentives for state government and local businesses to provide a match for federal funds to support creative school-wide projects should be considered. School performance in terms of measurable goals for reducing the dropout rate, improving attendance, and approving test scores should be part of the requirements for gaining funds for such projects.

Our experience in Boston shows that setting system-wide goals challenges the initiative and ingenuity of the school administration and staff. It works in Boston, and other school systems across the country are incresingly taking this approach. Chapter 1 programs have had real success in helping to lower the barriers to opportunity for disadvantaged students. These programs should be continued, and they should be funded at the level necessary for their success.

Chapter 1 funding is an investment with a very clear payback. The cost of failure to improve our schools is equally clear. Our public schools are America's central public institution for opening the way to opportunity for all. Chapter 1 is a way to help those who come to our schools with the fewest resources. Used to its full potential, Chapter 1 is an investment which will benefit all of us.

[Prepared statement of William S. Edgerly follows:]

PREPARED STATEMENT OF WILLIAM S. EDGERLY, CHAIRMAN, STATE STREET BANK & TRUST CO.

My name is William Edgerly. I am Chairman of State Street Bank and Trust Company in Boston. I come before you today to discuss the proposed reauthorization of Chapter I from the point of view of a businessman with a concern for better opportunities for the disadvantaged. I was the founding Chairman of the Boston Private Industry Council, and I remain one of its Directors. The Boston PIC helped create and develop the Boston Compact as a way of linking improvements in the schools -- in attendance and achievement -- with employment opportunities in the private sector. I hope our experience with the Compact can be of some value to you in your consideration of Chapter I.

In 1979, the Boston PIC, a public-private partnership that includes the CEO's of a dozen leading employers in the City, city officials and the heads of community training organizations, began working to increase the availability of skill training programs for the unemployed.

We soon found that one-third of the cost of training was being spent on remediation in basic skills for those who had left school without an elemental grasp of reading, writing or computation. Disadvantaged people who lacked these basic skills, let alone vocational skills, faced bleak employability prospects. The PIC soon became actively involved in the Boston public schools.

In Boston, where the economy is robust and unemployment is among the lowest in the nation, many of our citizens are not only unemployed, but they are virtually unemployable. 25% of Boston's adults lack a high school diploma. As much as 50% of our citizenry is only marginally literate, unable to read the most basic instructions or to complete a job application.

Our city's school population represents 7% of the state's total, but it includes 49% of all black students, 24% of all Hispanic students, and 12% of all students with special needs.

Three quarters of our students live in single parent or foster homes. 60% come from AFDC families. 50% are living in publicly-assisted housing. 1,000 girls leave high school every year in Boston to bear children. Classes are taught in 38 languages, to accommodate the enormous immigrant population.

The value of Chapter I is in providing compensatory education for these young people who are most in need, so that they can go on to obtain the necessary skills to compete in the labor market. Chapter I is especially necessary in urban schools, where the challenge is the greatest.

Quality education for the disadvantaged should be viewed as an investment, not an expense. Chapter I remedial reading and mathematics programs clearly have helped improve the skills of millions of elementary school students. Early academic intervention can cut in half the number of young people who later fall prey to illiteracy, unemployment and teen-age pregnancy.

Twenty years of research on pre-school education has demonstrated the effectiveness of such early prevention. Although such initiatives can seem costly, the nation will incur much higher and more intractable costs for older children if it defers the expense of such preventive programs during the formative years.

We should not limit our efforts to the elementary level. Although 76 percent of Chapter I funding is appropriately directed to the lower grades, we need to improve basic education for all students to reduce the chances that those at risk will drop out of the system when they reach high school.

A range of remedial education and support services extending from kindergarten through the 12th grade is valuable in keeping disadvantaged children from losing ground as they progress to each higher grade level.

The Hawkins-Goodling bill proposes important additional assistance of $100 million in fiscal 1988 at the high school level to local educational agencies to improve the achievement of educationally deprived children and potential dropouts. This is an important extension of the impact of Chapter I.

Urban schools are qualitatively different from suburban schools, in the populations they serve, in the way they are administered, and in the demands which they must meet. The bill seeks to further target the program by instituting a concentration grant formula to focus additional funds on schools that have at least 75 percent of the children from low income families. I support this proposal for school-wide programs for schools with the poorest students. In addition, I strongly endorse the setting of measurable goals as a way to apply Chapter I funds to achieve real and lasting change.

Only six percent of all funding extended to support elementary and secondary schools in this country comes from federal sources, principally Chapter I. Boston itself gets $15 million of Chapter I funding per year -- an average of $300 per student for our 57,000 students. Greater targeting of funds on the fewer school systems, where there are the highest concentrations of the poor, principally in urban areas, would allow for greater leverage on these funds and the greatest impact on educational improvement for disadvantaged students, who face the most daunting educational challenges.

In addition, increased emphasis on the concept of partnership among local school systems, their state Departments of Education, and the private sector also would gain greater leverage for Chapter I funds. Incentives within the legislation for state government and local businesses to provide a match for federal funds to support especially creative school-wide projects should be considered.

School performance in terms of measurable goals for reducing the drop-out rate, improving attendance and improving test scores should be part of the requirements for gaining Chapter I funds for such projects.

Our experience in Boston shows that setting system-wide goals can challenge the initiative and ingenuity of the school administration and staff. It works in Boston, and other school systems across the country are increasingly taking this approach.

Chapter I remedial programs have had real success in helping to lower the barriers to opportunity for disadvantaged students. These programs should be continued, and they should be funded at the level necessary for their success.

Chapter I funding is an investment with a very clear payback. The cost of failure to improve our schools is equally clear.

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Our public schools are America's central public institution for opening the way to opportunity for all. Chapter I is a way to help those who come to our schools with the fewest resources. Used to its full potential, Chapter I is an investment which will benefit all of us beyond the classroom.

Thank you.

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Chairman PELL. Thank you very much, Mr. Edgerly.

Our next witness is Mr. Charles Marshall, Vice Chairman of AT&T, American Telephone & Telegraph Company.

STATEMENT OF CHARLES MARSHALL, VICE CHAIRMAN, AMERICAN TELEPHONE & TELEGRAPH CO.

Mr. MARSHALL. Thank you, Mr. Chairman, and good morning.

My name is Charles Marshall. I am Vice Chairman of the Board of AT&T. My full statement has been filed, and rather than to redundantly re-cover some areas that my friends have covered, I would like to make just a brief oral statement.

It is a distinct pleasure for me to be able to address your respective subcommittees today. As a spokesman for AT&T in its own behalf, and as a corporate member of the New York City partnership, I urge full reauthorization of Chapter 1 funds. In my judgment, there is no sounder or more important investment our government can make than to adequately fund basic education programs for our nation's youth.

There are three very simple reasons for our support of Chapter 1. First, we owe it to our youth. The greatest heritage we can offer our young people is the opportunity which we had to pursue their goals, to develop their talents to the fullest. And we can only afford our youth this opportunity if we offer them the basic learning skills that open the doors of knowledge for all of them, and did for all of us.

For most of our young people, our nation's schools meet these needs admirably. They impart not only the fundamentals of learning, but much, much more. But some children, particularly those who, because of their environment, are economically or educationally disadvantaged, require more help than the schools by themselves can provide. Chapter 1 programs are designed to bridge that gap. Chapter 1 programs give these children the extra help they need to acquire the reading, the mathematics, and the other learning skills they need to make the most of their talents and their lives.

The second reason I urge support for Chapter 1 is that I think we owe it to this country, our country. Our country, like other nations, faces difficult challenges in the years ahead, economic, political, social, and human challenges, challenges that go beyond the boundaries of our own nation and whose resolution is important to all people everywhere. Responding to these challenges will require all the talent and all the resources we can muster in our own and succeeding generations.

Where do we begin? I submit that there is no better place than assuring a basic education for all our young people. That is the surest guarantee we can have that they will be prepared for the challenge ahead.

The third reason that urge reauthorization of Chapter 1 is simply that it works. Over more than two decades since Title I programs began, numerous studies have shown that they have made a crucial difference in the lives of many young people. Many children got that added help, the extra attention, the special care they needed to break out of the shell that their environment had cre-

ated and to see the opportunities that lay before them. Chapter 1 is a program that our children and our country need. It is a sound program that has met the test of time. I believe very strongly we should keep it going.

Thank you.

[Prepared statement of Charles Marshall follows:]

PREPARED STATEMENT OF CHARLES MARSHALL, VICE CHAIRMAN OF THE BOARD, AMERICAN TELEPHONE & TELEGRAPH

My name is Charles Marshall. I am Vice Chairman of the Board of AT&T. I am also here as a member of the Education Committee of the New York City Partnership which, as you know, is a coalition of businesses committed to the betterment of New York City, with a particular interest in quality education for New York City's young people. It is a pleasure for me to have the opportunity to appear at a joint hearing of the Senate Subcommittee on Education, Arts and the Humanities and the House Subcommittee on Elementary, Secondary and Vocational Education. My statement represents my own personal views and also reflects the position of AT&T and the New York City Partnership.

Chapter I of the Education Consolidation and Improvement Act (ECIA), formerly Title I of the Elementary and Secondary Education Act, has proven to be a vitally important and highly effective program for many thousands of economically and educationally disadvantaged youngsters in our country for more than two decades. This program has helped poor and underachieving students to master the basic learning skills of reading and mathematics and, beyond that, it has helped them to come to know the value of education and to become more aware of their own personal potential.

As a businessman and as one who believes that it is individual opportunity more than anything else that sets America apart, I urge your committees and the Congress to reauthorize

funds for Chapter I. The money our government spends on this program will pay off handsomely for our youth, our economy, and our nation.

The success of the Chapter I program is well documented. Reports on the program over the years since it began tell of improved reading levels, higher math scores, better results on standardized achievement tests and lower dropout rates for the vast majority of students in the program. In my judgment, this program has proven its worth many times over; it should be continued.

As government statistics indicate, funding for Chapter I has fallen somewhat below the inflation rate in recent years, necessitating serious cutbacks in the program in New York and everywhere else. I would urge the Congress to reauthorize sufficient funds for Chapter I to recover that lost ground and bring the program back to its full strength.

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For many years now, AT&T has actively supported educational programs at all levels in communities throughout the U.S. In virtually every state, AT&T people have become involved in schools and educational programs -- as part of their work in

community and educational relations -- as executives on loan from AT&T -- or as volunteers on their own time. The AT&T Foundation also supports educational programs, schools and colleges.

We are not interested in education simply for altruistic reasons; we need knowledgeable, well-educated, highly skilled employees if our business is to succeed. The educational system prepares the young people from whom we will enlist our future employees. If their preparation falls short, we wind up with less able employees and it is more difficult for us to reach our goals.

AT&T is by no means unique in this regard. Employees in American industry today increasingly are "knowledge workers"; more and more companies are now involved in the movement and management of information. Jobs in this new environment no longer remain routine, as they once did; they change rapidly as companies and industries respond to changes in the economy. These new jobs require intelligent, well-educated employees who are able to adapt quickly and grow as their positions require increasing responsibility.

Also, competition is intense in most industries today. Many foreign firms have become increasingly aggressive in their attempts to capture a larger share of U.S. markets, and American companies are making similar moves abroad.

In this dynamic international economy, the greatest resource American companies have is a reservoir of talented, educated, motivated young people who have the capabilities and interests required by the tasks ahead of us.

Our nation's schools do a superb job of educating the young. Traditionally staffed and administered by local communities and operating under the auspices of the individual states, our schools are a bulwark of this nation and its democratic institutions. They deserve our appreciation and our support.

Unfortunately, however, many of our nation's young people are not able to take advantage of our educational system unless they are given special help. Primarily, these are economically and educationally disadvantaged youngsters; they are intellectually and psychologically apt, but they are severely handicapped by their environment. Millions of American children live in families or households where poverty has taken hold. Typically, the adult or adults present are preoccupied with daily survival needs, and the youngsters immersed in such unfortunate circumstances are confused, and afraid of what the future may hold for them. In communities where the poor are concentrated and in the schools which serve these communities, children from families with more adequate incomes suffer as well. Put differently, if community, school and classroom environments are

not conducive to personal and educational achievement for poorer children, the effects on middle-class children may be equally pernicious.

Such high concentrations of the poor are found particularly in some of the major urban centers of the United States, New York City among them, and schools in those areas are hard pressed to try to aid economically and educationally disadvantaged youngsters without federal help. They simply do not have the necessary resources. It is precisely in situations such as these, in New York and elsewhere, that Chapter I has become critically important. Chapter I programs provide funding and specially trained teachers to offer the support and assistance that disadvantaged students need -- help over and above that normally available. It's that little extra that makes all the difference. And that's why Chapter I is so successful.

Probably no other segment of the American public is more conscious of the importance of balancing the federal budget and controlling federal spending than is the business community. Faced with the ongoing task of keeping our corporate expenses in check, we are sympathetic to the many conflicting priorities you must deal with. With this in mind, however, let me encourage you to keep Chapter I high on your list of priorities. I urge the Congress to reauthorize this program at a level that will permit its full implementation by school systems throughout this country.

Thank you.

Chairman PELL. Thank you very much indeed, Mr. Marshall.

Our fifth and final witness on the panel is Mr. Gerald Foster, the Region Vice President of the Pacific Telesis Group.

STATEMENT OF GERALD D. FOSTER, REGION VICE PRESIDENT, PACIFIC TELESIS GROUP

Mr. FOSTER. Thank you, Mr. Chairman.

My name is Gerald Foster. I am with the Pacific Telesis Corporation, from Los Angeles, and I am pleased to be here.

I am not going to repeat a number of the things that was in my written testimony. I would like to say, however, that I have had the pleasure of serving as a member of the California Commission on Teaching. I was the founding chairman of the Los Angeles Education Partnership, and I am presently a member of the California Committee on Education Technology.

I believe that Los Angeles really represents what we are going to see happen in this nation over the next decade, or the period that the reauthorization of Chapter 1 will have its impact. That is going to follow on a period where we saw many studies that looked at the problems of education. The California Commission on Teaching really found the same thing that a number of the other studies found, and that laid the framework for tremendous change that I believe will take place.

The focus of that change will really be in the area of education technology, and I believe that it would serve Chapter 1 well in the reauthorization if we could put in a provision for transiting many of the studies that have been funded at the federal level into the institutionalization of the process of education. Education technology is especially important when you look at the Chapter 1 eligibles. It has the ability to enable the students to continue their education at their own initiative, and we really need to be sure that as we embark on changing the structure of public education to use this new technology, we be sure that we include the underprivileged in that process.

I could give you many examples of the effectiveness of education technology as it has been applied, some right here in Washington; other examples across the nation. I will not do that; I know your staff is very familiar with many of those examples, but I would urge that in the reauthorization process that you specifically include a provision for the federal Education Department to participate in some of the demonstration schools that are being established across the country to really implement the benefits of education technology.

We serve in California, stand ready to participate with the federal government to be sure that the disadvantaged Chapter 1 folks are included in that, and we hope that you will include that authorization.

Thank you.

[Prepared statement of Gerald D. Foster follows:]

PREPARED STATEMENT OF GERALD D. FOSTER, REGION VICE PRESIDENT, PACIFIC TELESIS GROUP

IT IS MY PLEASURE TO BE HERE AS A REPRESENTATIVE OF THE PACIFIC TELESIS GROUP, A MAJOR TELECOMMUNICATIONS CORPORATION BASED IN CALIFORNIA. PRIOR TO JANUARY, 1984 WE WERE PART OF THE BELL SYSTEM. OUR SUBSIDIARIES ARE ENGAGED IN DIVERSE ACTIVITIES NOT ONLY IN CALIFORNIA AND NEVADA, BUT ALSO NATIONALLY AND INTERNATIONALLY. WE CARRY FORWARD A LONG BELL SYSTEM TRADITION OF CONCERN AND INVOLVEMENT WITH EDUCATION AND THE PURSUIT OF EXCELLENCE. IT IS EVEN REFLECTED IN OUR NAME "TELESIS", A GREEK WORD THAT WEBSTER'S DEFINES AS "PROGRESS THAT IS INTELLIGENTLY PLANNED AND DIRECTED."

PACIFIC TELESIS GROUP HAS A GREAT STAKE IN THE FUTURE OF OUR NATION AND SHARES CONCERN FOR ISSUES RELATIVE TO THE BETTERMENT OF HUMAN LIFE. EDUCATION, AND SPECIFICALLY THE EDUCATION OF OUR NATION'S DISADVANTAGED CHILDREN, IS AN ISSUE OF MAJOR CONCERN TO THE CORPORATION. WE WOULD LIKE TO SEE THE DREAM OF A QUALITY EDUCATION FOR ALL CHILDREN BECOME A REALITY.

THIS CORPORATE CONCERN LED TO MY PERSONAL INVOLVEMENT IN THE OAKLAND SCHOOL SYSTEM IN THE LATE SEVENTIES. IN 1980 I ASSUMED THE DUTIES OF REGION VICE PRESIDENT IN SOUTHERN CALIFORNIA AND HAVE CONTINUED MY INVOLVEMENT IN EDUCATION WITH A FOCUS ON THE LOS ANGELES UNIFIED SCHOOL SYSTEM. I AM FREQUENTLY CALLED UPON TO REPRESENT MY CORPORATION ON THIS ISSUE AND WHILE I MAKE NO CLAIMS OF EXPERTISE AS AN EDUCATOR, I HAVE BEEN INVOLVED WITH MANY OF THE CONCERNS YOU ARE ADDRESSING IN THIS CHAPTER 1 REAUTHORIZATION HEARING.

YOU ARE BLESSED WITH A COMPETENT STAFF WHICH HAS SUPPLIED MANY COMPELLING JUSTIFICATIONS FOR THE CONTINUATION OF THE CHAPTER 1 EFFORT. I WILL NOT REPEAT THEIR WORK NOR THE INFORMATION IN OUR JOINT STATEMENT, EXCEPT TO SAY THAT MY CONFIDENCE IN THE WISDOM OF CONGRESS LEADS ME TO BELIEVE THAT THIS REAUTHORIZATION WILL FACE LITTLE OR NO OPPOSITION. INSTEAD, I WILL FOCUS ON AREAS OF SPECIFIC CONCERN RELATED TO THE TARGET POPULATION OF CHAPTER 1 AND SOME OPPORTUNITIES WHICH I BELIEVE ARE AVAILABLE TODAY WHICH OFFER NEW AND EXCITING DIMENSIONS TO EXPANDING THE ACHIEVEMENTS OF THIS FOCUSED AID EFFORT AS WE MOVE INTO THE DECADE OF THE NINETIES.

IN CALIFORNIA, AND MORE SPECIFICALLY IN LOS ANGELES, WE HAVE FOCUSED ON BUILDING PARTNERSHIPS BETWEEN EDUCATORS, BUSINESS AND OTHER CONCERNED STAKEHOLDERS TO IMPROVE THE OUTPUT OF OUR SCHOOLS. IT SEEMS CLEAR THAT WE MUST FIND A BETTER WAY TO DEAL WITH THE COMPLEXITIES OF MODERN SOCIETY AS THEY IMPACT OUR DISADVANTAGED CHILDREN AND OUR COMMITMENT TO EQUAL OPPORTUNITY. LET ME PRESENT SOME FACTS RELATIVE TO THE PROBLEM WE ARE ADDRESSING. CLEARLY, CALIFORNIA IS AT THE LEADING EDGE OF THOSE TRENDS WHICH MAKE CHAPTER 1 FUNDS SO CRITICAL TO OUR LONG TERM VITALITY AS A NATION.

- THERE IS AN EDUCATIONAL CRISIS IN CALIFORNIA EVIDENCED BY THE ALARMING PERCENTAGE OF YOUNG PEOPLE, PARTICULARLY MINORITY YOUTH, WHO ARE DROPPING OUT OF PUBLIC HIGH SCHOOLS. IT IS ESTIMATED THAT CLOSE TO 32% OF THE TEENAGERS DROP OUT OF SCHOOL BETWEEN THE NINTH AND TWELFTH GRADES. FOR THE CLASS OF 1983, 119 HIGH SCHOOLS SUFFERED A DROPOUT RATE OF 40%. IN THE METROPOLITAN AREAS, THE DROPOUT RATE SOARS TO 60% AND IN THE INNER CITY EVEN HIGHER. TO GIVE YOU A MORE DISCERNABLE VIEW OF OUR PROBLEM, LET ME SHARE WITH YOU SOME FIGURES WHICH SHOW THE ATTRITION RATES FOR THE 1979-84 PERIOD AT SEVERAL HIGH SCHOOLS IN LOS ANGELES:

BELMONT	65.5%
JEFFERSON	63.5%
LOS ANGELES HIGH	63.0%
FREMONT	61.2%
MANUAL ARTS	56.1%
ROOSEVELT	55.6%
BELL	53.4%
FRANKLIN	49.9%
LINCOLN	48.2%
WILSON	48.0%
GARFIELD	41.2%
HUNTINGTON PARK	38.3%
EAGLE ROCK	31.2%

ALL OF THESE SCHOOLS HAVE MAJORITY MINORITY ENROLLMENTS, PRIMARILY BLACK AND HISPANIC. MOST, IF NOT ALL OF THESE STUDENTS, LIVE IN AREAS OF THE CITY THAT ARE ELIGIBLE FOR CHAPTER 1 FUNDS. STUDIES INDICATE THAT CHAPTER 1 FUNDS ARE BEING USED EFFECTIVELY IN THE ELEMENTARY YEARS BUT THAT STUDENTS ARE UNABLE TO COPE IN THE LATTER GRADES. FAILURE IS THE DOMINANT REASON FOR THESE DROPOUTS. THERE HAS BEEN SOME SUCCESS WITH PROGRAMS TO RECAPTURE THE CHILDREN AS THEY ARE FAILING BUT VERY LITTLE SUCCESS IN FINDING A WAY FOR THE CHILDREN WHO SUCCESSFULLY MOVE OUT OF ELIGIBILITY TO CONTINUE THEIR SUCCESS ON THEIR OWN INITIATIVE. CHAPTER 1 HAS HELPED AND MUST CONTINUE TO HELP, BUT THE ISSUE OF CONTINUING SUCCESS MUST BE ADDRESSED.

- IN CALIFORNIA, ETHNIC AND RACIAL MINORITIES COMPRISE A LARGE PROPORTION OF PUBLIC SCHOOL ENROLLMENT. THE LOS ANGELES UNIFIED SCHOOL DISTRICT IS THE LARGEST DISTRICT IN THE STATE. IN TERMS OF ETHNIC COMPOSITION IT IS APPROXIMATELY 54% LATINO, 20% BLACK, 19% WHITE, 6% ASIAN AND LESS THAN 1% AMERICAN INDIAN. THESE NUMBERS REFLECT AN IMMIGRATION STREAM THAT HAS CAUSED LOS ANGELES TO BE CALLED THE "ELLIS ISLAND" OF THE 1980s. THEY IMPOSE A NEW DIMENSION ON THE JOB OF PUBLIC EDUCATION.

- THE PERCENTAGE OF MINORITIES ENROLLED IN CALIFORNIA'S PUBLIC SCHOOLS HAS INCREASED CONSISTENTLY SINCE 1967 AND IS ABOVE 50% IN ELEMENTARY GRADES. THE LEVEL WITH THE MOST PARTICIPATION IN THE CHAPTER 1 PROGRAM.

- CALIFORNIA SCHOOLS ARE EXPECTED TO GROW BY AT LEAST 100,000 ADDITIONAL STUDENTS PER YEAR FOR THE NEXT 5 YEARS.

- 579,000 STUDENTS ARE CURRENTLY ENROLLED IN THE LOS ANGELES UNIFIED SCHOOL DISTRICT. NEARLY 25% HAVE LIMITED PROFICIENCY IN ENGLISH. AMONG THIS NUMBER, MORE THAN 80 LANGUAGES ARE SPOKEN.

- 350,000 OF THE STUDENTS IN THE LOS ANGELES UNIFIED SCHOOL DISTRICT ARE ELIGIBLE FOR THE FREE AND REDUCED PRICE BREAKFAST AND LUNCH PROGRAM. THE REASON THIS IS SIGNIFICANT IS THAT IT SAYS BETTER THAN HALF THE STUDENTS IN THE DISTRICT COME FROM HOMES IN WHICH THE ECONOMIC STATUS IS AT THE VERY BOTTOM OF THE CONTINUUM.

- RELATIVE TO ACHIEVEMENT TESTS IN CALIFORNIA, MOST SHOW THAT AT KINDERGARTEN OR FIRST GRADE LEVEL POOR AND MINORITY YOUNGSTERS LAG ONLY A SHORT DISTANCE BEHIND OTHER YOUNGSTERS. MOST SHOW A MAXIMUM OF ABOUT 10 PERCENTAGE POINTS SEPARATING THE AVERAGE WHITE YOUNGSTERS AND THE AVERAGE MINORITY YOUNGSTERS AT FIRST GRADE LEVEL. BY THE TIME THOSE YOUNGSTERS REACH THE SIXTH GRADE LEVEL THAT GAP HAS GROWN TO AN AVERAGE OF 30 PERCENTAGE POINTS. BY THE TIME THEY REACH THE TWELFTH GRADE LEVEL, IF THEY REACH IT AT ALL, THE GAP HAS GROWN TO AN ENORMOUS PROPORTION.

CONCLUSIONS/RECOMMENDATIONS

THE CHAPTER 1 PROGRAM ADDRESSES A MAJOR AND EXPANDING EDUCATIONAL NEED IN CALIFORNIA. THERE IS A LARGE AND INCREASING NUMBER OF ECONOMICALLY, EDUCATIONALLY AND LINGUISTICALLY DISADVANTAGED STUDENTS WHO PRESENT A MAJOR CHALLENGE TO CALIFORNIA PUBLIC SCHOOLS. BY DEFINITION, THESE ARE THE VERY CHILDREN CHAPTER 1 WAS ENACTED TO SERVE.

CALIFORNIA TODAY CLEARLY REPRESENTS THE TRENDS OF FUTURE GROWTH IN OUR COUNTRY. THE EARLY IMMIGRATION FROM EUROPE FOCUSED ON NEW YORK AND SPREAD TO THE REST OF THE NATION. TODAY, IMMIGRATION FROM THE PACIFIC AND SOUTH AMERICA FOCUSES ON LOS ANGELES AND WILL SPREAD FROM THERE THROUGHOUT THE NATION. CHAPTER 1 FUNDS MAKE IT POSSIBLE FOR THESE IMMIGRANT STUDENTS TO BE INCLUDED IN THE STATE'S EDUCATIONAL REFORM EFFORTS, AND PROVIDE THE OPPORTUNITY FOR THEM TO SHARE IN THE AMERICAN DREAM.

CURRENT FUNDING LEVELS PROVIDE ENOUGH MONIES FOR ONLY 40-50% OF THE CHAPTER 1 ELIGIBLE CHILDREN TO BE SERVED. GIVEN THE EXPANDING NEED FOR THE PROGRAM, I WOULD URGE YOU TO PROVIDE FUNDING AT A LEVEL THAT WILL TAKE PROJECTED GROWTH INTO CONSIDERATION AND ALLOW INCLUSION OF ALL ELIGIBLE CHILDREN.

CLEARLY, THERE ARE NOT ENOUGH RESOURCES TO SATISFY CURRENT NEEDS AND RESOURCES FOR FUTURE NEEDS ARE QUESTIONABLE. WE MUST BE WILLING TO EMBRACE CHANGE IN THE DELIVERY SYSTEM IF WE ARE TO MEET THE NEEDS.

THE ENVIRONMENT OF EDUCATION HAS CHANGED. AS AN EXAMPLE, 80% OF THE STUDENTS IN CALIFORNIA COME FROM SINGLE-PARENT HOMES OR HOMES IN WHICH BOTH PARENTS WORK. PARENTAL INVOLVEMENT IN THE EDUCATION PROCESS IS, AT BEST, AN EXTRAORDINARY EFFORT OF THE PARENT USING THE EXPECTATIONS OF TODAY'S EDUCATORS. WE NEED A WAY FOR PARENTS TO BE INFORMED AND SUPPORTIVE WITHOUT ADDING TO THE ECONOMIC HARDSHIP THEY ALREADY ENCOUNTER.

EARLIER IN THE TEXT I MENTIONED PARTNERSHIP PROGRAMS AND THE INVOLVEMENT OF EDUCATORS, BUSINESS AND OTHER CONCERNED STAKEHOLDERS IN THESE PROGRAMS. THESE PARTNERSHIPS HAVE PRODUCED MANY SUCCESSFUL PROJECTS WHICH I WOULD ENCOURAGE YOU OR MEMBERS OF YOUR STAFF TO INVESTIGATE. THE ONE I WANT TO FOCUS ON, HOWEVER, IS IN THE FORMATIVE STAGES AND HOLDS GREAT PROMISE FOR DISADVANTAGED STUDENTS. IT IS AN EFFORT TO CAPTURE TECHNOLOGY AS A TOOL FOR LEARNING - A TOOL THAT WILL ENABLE THE DISADVANTAGED FAMILY TO UTILIZE THEIR OWN INITIATIVE IN COPING WITH TODAY'S SOCIETY AND SUPPORTING THE EFFORTS OF THEIR CHILDREN. THIS PARTNERSHIP IS THE PRODUCT OF THE CALIFORNIA EDUCATION TECHNOLOGY COMMITTEE WHICH WAS INITIATED IN 1983 BY CALIFORNIA ASSEMBLY BILL 803. WITH THE GUIDANCE OF THE EDUCATIONAL TECHNOLOGY COMMITTEE, THE CALIFORNIA SCHOOL BOARD HAS ADOPTED A STRATEGIC PLAN TO INTRODUCE TECHNOLOGY INTO THE PUBLIC SCHOOLS. AT THE HEART OF THIS PLAN IS THE CREATION OF FOUR SCHOOL COMPLEXES (A SCHOOL COMPLEX IS ONE HIGH SCHOOL AND ITS FEEDER ELEMENTARY AND JUNIOR HIGH SCHOOLS) WHICH WILL BE BUILT AROUND A PARTNERSHIP OF COMMUNITY, INDUSTRY AND EDUCATION LEADERS. TECHNOLOGY WILL NOT BE INTRODUCED INTO SCHOOLS FOR THE SAKE OF TECHNOLOGY BUT TO IMPROVE THE PRODUCT AND PRODUCTIVITY OF THE SYSTEM.

THE PROMISE OF TECHNOLOGY

CHAPTER 1 FUNDING HAS BROUGHT ADDED RESOURSES TO A CRITICAL NEED. WE HAVE PROVEN THAT WITH ADEQUATE HELP THE DISADVANTAGED CAN LEARN AND BECOME PRODUCTIVE CITIZENS, BREAKING THE BOUNDS OF THEIR ENVIRONMENT. TECHNOLOGY PROVIDES THE MEANS TO DELIVER THAT SAME HELP IN A MORE COST EFFECTIVE MANNER.

OVER THE PAST DECADE, WE HAVE SEEN BUSINESS TRANSFORMED BY TECHNOLOGY. MY BUSINESS, THE PACIFIC TELESIS CORPORATION, IS AT THE LEADING EDGE OF THIS REVOLUTION. THE CONTINUING EVOLUTION OF THAT TECHNOLOGY WILL ENABLE THE EDUCATION COMMUNITY TO ACHIEVE SIGNIFICANT PROGRESS IN MEETING ITS GOALS IF WE CAN JOIN IN A DEVELOPMENT EFFORT TO BRING THE APPROPRIATE TECHNOLOGY TO THE SCHOOL SITE. THERE ARE A NUMBER OF EXAMPLES AVAILABLE WHICH DEMONSTRATE HOW TECHNOLOGY HAS MADE A DIFFERENCE IN THE INSTRUCTIONAL PROCESS. "WRITING TO READ" IS AN EXCELLENT EXAMPLE OF SUCH A PROGRAM. DEVELOPED BY DR. JOHN HENRY MARTIN AND CREATED BY IBM, "WRITING TO READ" IS A COMPUTER-BASED INSTRUCTIONAL SYSTEM THAT HELPS TEACHERS TAP INTO A CHILD'S KEY RESOURCES OF CURIOSITY AND HIS/HER BASIC LEVEL OF COMMUNICATIONS SKILLS. THE PROGRAM HELPS DEVELOP THE WRITING AND READING SKILLS OF KINDERGARTEN AND FIRST-GRADE STUDENTS AND BUILDS ON EACH CHILD'S NATURAL LANGUAGE GROWTH. IT IS DESIGNED TO TEACH CHILDREN HOW TO WRITE WHAT THEY CAN SAY AND TO READ WHAT THEY WRITE. THE PROGRAM COMBINES ADVANCED TECHNOLOGY WITH EDUCATIONAL TECHNIQUES BASED ON EXTENSIVE RESEARCH TO PROVIDE AN INNOVATIVE APPROACH TO LEARNING. IT HAS PROVEN TO BE ESPECIALLY EFFECTIVE WHEN USED WITH THE DISADVANTAGED.

ANOTHER EXAMPLE OF EFFECTIVE USE OF TECHNOLOGY IS A PROGRAM THAT WAS INITIALLY FUNDED FOR DEVELOPMENT BY THE OFFICE OF TECHNOLOGY IN THE U. S. DEPARTMENT OF EDUCATION. THIS PROGRAM WHICH FOCUSES ON HIGHER ORDER THINKING SKILLS (HOTS) HAS DEMONSTRATED RESULTS WHICH OCCURRED EQUALLY FOR FEMALES AND MALES, AND FOR A WIDE VARIETY OF ETHNIC AND RACIAL GROUPS. IN ONE SCHOOL WHERE A SOCIOGRAM ANALYSIS WAS CONDUCTED, STUDENTS IN THE HOTS PROGRAM HAD 40% MORE FRIENDS AT THE END OF THE FIRST YEAR AMONG BOTH CHAPTER 1 AND NON-CHAPTER 1 STUDENTS THAN DID STUDENTS AT THE CONTROL SCHOOLS. AT ANOTHER SITE, 10% OF THE CHAPTER 1 STUDENTS WERE REDIAGNOSED AS GIFTED AFTER A YEAR IN THE HOTS PROGRAM. AT ANOTHER HOTS SITE, 36% OF THE CHAPTER 1 STUDENTS MADE THE SCHOOL'S HONOR ROLL.

BOTH OF THESE PROGRAMS DEMONSTRATE THAT TECHNOLOGY CAN BE A COST EFFECTIVE MEANS OF DELIVERING EDUCATION TO CHAPTER 1 STUDENTS. WHAT WE NEED TO KNOW IS HOW TO INSTITUTIONALIZE THE PROCESS.

I WOULD LIKE TO INVITE THE FEDERAL GOVERNMENT TO JOIN THE PARTNERSHIP BEING FORMED IN CALIFORNIA TO CONTINUE THE DEVELOPMENT OF INSTRUCTIONAL PROGRAMS USING TECHNOLOGY AND THE DEMONSTRATION SCHOOL EFFORT TO INSTITUTIONALIZE THEIR USE. IN THE CONTEXT OF TOTAL FUNDING, THE AMOUNTS ARE SMALL BUT THE POTENTIAL IS GREAT. WHAT IS NEEDED IS THE AUTHORIZATION TO UTILIZE FUNDS IN A DEMONSTRATION SCHOOL ENVIRONMENT AND THE CONGRESSIONAL MANDATE TO JOIN AS AN EFFECTIVE PARTNER IN THE EFFORT.

SUMMARY

AS A CONCERNED AND INVOLVED AMERICAN CITIZEN, I AM COMMITTED TO EXCELLENCE IN OUR EDUCATIONAL SYSTEM. CHAPTER 1 HAS BEEN HIGHLY SUCCESSFUL IN PROVIDING SUPPORT FOR THE CHILDREN WHO NEED IT MOST. WE MUST CONTINUE TO DO ALL THAT WE CAN TO AVOID A PERMANENT UNDERCLASS IN AMERICA BY CONTINUING AND EXPANDING THIS SPECIAL PROGRAM AND PROVIDING EVERYONE WITH AN EQUAL OPPORTUNITY TO RECEIVE A QUALITY EDUCATION.

THANK YOU.

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DR. HARRY HANDLER
SUPERINTENDANT OF SCHOOLS
LOS ANGELES UNIFIED SCHOOL DISTRICT

DR. STUART GOTHOLD
SUPERINTENDANT OF SCHOOLS
LOS ANGELES COUNTY

MS. KATI HAYCOCK
EXECUTIVE DIRECTOR
THE ACHIEVEMENT COUNCIL

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Chairman PELL. Thank you very much indeed.

I understand that Mr. Woodside has a closing statement, a few remarks you want to make.

Mr. WOODSIDE. I certainly do, Senator, if you can stand to hear me once again.

For the past several years there has been a great outpouring of words and concern at all levels of government and in the private sector about the status of public education in this country. The concern has been genuine, and it reflects a general sense that our system of public education either is not what it once was, or is not what we would like it to be.

But in terms of public policy choices, it often seems that our words take us in one direction while our actions take us in another. We are constantly reminded that education is the gateway to opportunity in this country, that our children are our greatest natural resource, and that every young person deserves an opportunity. But that is not the message that is reflected in the Reagan Administration's budgets, and that is not the message we find in Gramm-Rudman-Hollings.

The budget restraints on the Chapter 1 program might be palatable if Chapter 1 had achieved most of what it had set out to do originally. But restraints on the program never allowed it to reach its full potential, and the current restraints are occurring at a time when the job is far from complete, and also at a time when, because of economic and social conditions in this country, this program and others of its genre, may be more necessary than at any time in the past 20 years.

Chapter 1 was the first federal education program to pay for paraprofessionals. It provided an enormous opportunity for parent involvement in the school system. It provided opportunities for community involvement. It emphasized the values of family and community. The major flaw with Chapter 1 is that 40 to 50 percent of the children eligible for the program never participated. The reason, inadequate funding, of course.

At a time when so many young children are growing up in conditions of poverty, it is simply tragic to fail to fund Chapter 1 at anything less than its fullest potential. It is increasingly evident just how closely related the health and vitality of the American business community are to the health and vitality of the communities in which we live and work, and the nation as a whole.

The quality of education we provide to all of our children, rich and poor alike, is central to developing and sustaining this health and vitality. For both patriotic and self-serving purposes, the business community must be involved in efforts to revitalize American public education. The interest in the public schools which the business community has demonstrated in recent years will hopefully be sustained through local, state, and national efforts. School-business partnerships are fine as far as they go; however, business leaders need to also become involved in the political process as advocates for greater public sector support for public education.

I am told that this hearing today represents an important watershed in the growing involvement of American business leaders in public education. This hearing is, we are also told, a precedent-setting event in that senior officers of major U.S. corporations are tes-

tifying together, not to discuss tax or merger bills, but to underscore the significance we attach to national efforts to educate all of this country's children. If this is so, then it is a mark not only of how far we have come, but how far we have yet to go.

The reauthorization upon which you are embarked is at a critical juncture in recognizing the importance we as a nation attach to providing educational opportunities to disadvantaged children. I hope you will be generous with today's authorizations, because you are setting the level of tomorrow's payoffs, and I expect that you will find increasing business recognition of this very important fact and these very important programs.

Thank you, Senator.

Chairman PELL. Thank you very much, Mr. Woodside.

I was particularly struck, Mr. Parry, with a point you mentioned, that we are developing a class structure, a class society. And the danger is that the underclass, which we all know does exist, and which has for some years, is actually expanding. Our job is to try to make it diminish rather than expand. And I think it is a point that is not being made sufficiently, but which should be made.

There is one particular question that interested me, and that was the relationship that you had with the school districts, and the school authorities, surrounding or near your plants. I was wondering maybe if you could lead off in answering that question and get a reaction from each of you how you structure that relationship, how well it works, and how it can be encouraged.

Mr. PARRY. With the business community, Senator?

Chairman PELL. Yes.

[Whereupon, the Reporter changes the tape.]

Mr. PARRY. We certainly live in a technological age, do we not? I believe that our educational system, unless it—if I have gotten your point now—unless it in fact is in accordance with the very longstanding goals of this country, will in fact divide us, particularly by creating a familial structure of passing on from generation to generation a cultural pattern regarding living in our society. We have found that in the welfare system to some extent, and unless we are very careful, we are going to find that developing in our educational system, and that, of course, will exacerbate the kinds of societal problems that we find in our division of income in our country.

I think that the educational system perhaps is one of the most important underpinnings of the restoring of industrial competitiveness in this country in the future. We are going to need a totally different class of employee, and employee who is capable of moving the next several steps up the ladder of technology, which will enable this country to in fact become industrially competitive with the rest of the world again.

It is losing it; it is losing it very rapidly. We cannot afford, if we are to fulfill the other obligations of this country, particularly in the area of national defense and foreign relations, we cannot allow this country to become second-class with respect to being industrially competitive. And I believe that the bill that you are considering is perhaps central. It will not do the whole job, but it is going to be central, a central keystone, to the restoration of that competitiveness, and that part is very important to me.

Chairman PELL. I wonder if any of the rest of the panel would like to comment on the relationship between your business and the surrounding educational community or authorities.

Mr. FOSTER. Senator, I would like to. I think, in Los Angeles over the last four five years, we have developed a very close relationship between the business community and the education community. It started, really, when the education community came to us, recognizing that they needed to be more cost-effective in the business administration side of their job.

We lent them a number of professionals from business to work on such things as transportation. We have a large busing program in Los Angeles, and we worked with them to make sure their scheduling and their maintenance of the buses and everything was effective. We worked with them on the housing program, the building of new schools, and so on.

We have done that with a respect for the fact that we know how to do those kinds of things. We are not telling them how to run the instructional part of their systems; that is the part that as a matter of fact, they have given us a great deal of help in, in terms of our own programs.

In addition to those, we have—I mentioned that I was chairman of the Los Angeles Education Partnership. In that undertaking, we have brought into the partnership a number of community groups, the south central organizing community, the group of people that are really involved in getting the parents more active in the education process. And we are working on such things as the dropout problem, the school-parent communications problem, and those kind of things.

So we do have a very close and effective relationship.

Chairman PELL. A little bit earlier in the hearing, I think it was Mr. Parry who mentioned that his company supported and indeed paid the salaries of members of the education community where the plant was. Are there any examples of that still extant in the United States? Or what would be the nearest to it, in your views?

Mr. EDGERLY. Well, the nearest to it, perhaps, from one example, might be some programs that exist in Boston to give special training to teachers. This is not paying the salary, but it is paying, perhaps, a salary during a summer vacation, or it is paying for specialized training. And there are some very creative initiatives underway in that connection, I think, in other cities as well.

Chairman PELL. Thank you very much.

Mr. EDGERLY. Senator, I think if I might just piggyback, though, on your point about the partnership role, very briefly, because I think it is central, and it has to do with the idea of leverage; the idea of leveraging public funds with private effort, and we have heard some examples here already this morning, is a very important potential going forward. Good examples of this we may want to talk about.

Chairman PELL. Thank you very much indeed.

I turn the gavel back to Congressman Hawkins.

Chairman HAWKINS. Thank you, Senator Pell. I am very pleased that you were able to be with us this morning. I hope that when we send some additional bills over to the Senate side that you will give us a good hearing on them, and pass a few of them out.

It is a pleasure to be with you.

Chairman PELL. Senators Stafford and Pell are still with you.

Chairman HAWKINS. Well, I have been edging Senator Stafford for a long time, he knows that.

Let me ask just two questions, rather simple ones, I think.

Mr. Edgerly, recently in Boston, on last Friday—I learned a lot about the so-called Boston Compact, which has been developed under your leadership. Let me ask you this, if there were new federal funds made available for the high schools, such as we envision, for example, in Chapter 1, would the business community support a design of a program that required—and I put emphasis on required—that required the schools to reach agreements with their business communities pledging measurable educational progress in return for a commitment from the business community for job opportunities for those graduates who would be better prepared and made available to the private sector, provided, obviously, that they could see opportunities at the end of the process?

Mr. EDGERLY. Mr. Chairman, I am aware of your visit to Boston last week, and we were gratified that you took the time to come and talk with some of the people who have been active in the efforts there.

The key word "requirement" that you focus on, I think, is quite legitimate for focused programs in which the legislation provides incentives to do creative things. And this is a very useful and common method; we have seen it in a number of areas. The opportunity is to, say, come forward with a program that has certain key elements to qualify for special funding.

Now, in the case you are speaking of, it is the idea of partnership and it is the idea of measurable goals, and it is the idea of a deal or a compact, as we call it in Boston, between the schools and business. I think it would be quite legitimate as one element of your efforts to provide incentives for creative programs, and in the advance indication of what would be the elements of what would be considered, to include the evaluation of such programs with respect to whether they have a strong partnership element and whether they in fact do include measurable goals, both for school improvement and for providing jobs.

Chairman HAWKINS. Another question relating somewhat to that. In Boston, obviously we were quite impressed with what you have been doing. One of the issues that comes before this committee constantly is whether or not the federal aid is needed in such areas of the country at the state and local levels.

Now, in view of the fact that Boston is doing relatively well, much better than most other metropolitan areas—do you still believe that federal aid is needed in an area such as that, or can you, say, if the federal government were to withdraw completely from the area of education and leave it up to states and local governments, this in some way would enhance the opportunities of students at the local level, particularly the disadvantaged?

Mr. EDGERLY. I believe that federal funding can be very catalytic. In the case of Boston, we are spending about $300 million on our Boston public school system. Our Chapter 1 funding is about $15 million. We are very fortunate in Boston to have very nearly full employment, but in the inner city, among the disadvantaged, we

have those who are not employable. I believe the opportunity, regardless of the ultimate level of funding, is the opportunity to target and leverage. That is as true in Boston as anywhere else, and it will be helpful to Boston and to all other large, urban systems that are in risk of perpetuating an underclass to have the kind of catalytic funding focused on, in the case of Chapter 1, largely the early grades, but increasingly in the legislation that you propose, the encouragement of creative new kinds of programs at all levels in the schools.

Chairman HAWKINS. Thank you.

In order that I may not appear to be biased towards Boston, may I, Mr. Foster, take this opportunity to commend you for the educational partnership idea in Los Angeles that you have been so actively involved in. I think it is an excellent example of how business has formed a partnership with the schools, including one of the high schools in my own Congressional district from which I graduated, and so you have made it a lot more pleasant for me to revisit my school because you formed that partnership, and I certainly want to commend the business community in Los Angeles for that idea.

Mr. FOSTER. Mr. Chairman, you would probably be interested in knowing that we also have been interested in what they are doing in Boston, and Baltimore, and other cities, and we have been working very hard to put together a similar pact in the Los Angeles area, and hopefully we will have that accomplished in the near future.

Chairman HAWKINS. Thank you. I have other questions, but let the Chair yield at this time to Senator Stafford.

Senator STAFFORD. Thank you very much, Mr. Chairman.

I have certainly appreciated the testimony from all of the witnesses this morning. Usually I do not do this, but to indicate that at least my heart is in the right place, I will say to them that this Senator, in his letter to the Budget Committee a few weeks ago, proposed that we increase Chapter 1 funding by $800 million, which seems to be a little more than some of my colleagues on the Budget Committee will approve of, but we will try to convince them they ought to do it. And I am encouraged by what I have heard here this morning.

Mr. Edgerly, most of the questions I had in mind have already been asked. I can see that the old firm of Stafford and Pell, now Pell and Stafford, is going to have to make it Pell, Stafford, and Hawkins, I think, from the line of questioning by the Chairman here this morning.

Let me ask a personal question, though. Is—was there once a second State Street Bank and Trust Company, and is that a predecessor to State Street Bank and Trust Company?

Mr. EDGERLY. Well, Senator, like practically every bank, we are an amalgamation, There used to be a Second National Bank. Then there was a State Street Second National and the current form is State Street Bank.

Senator STAFFORD. Well, that is nice. I once had some minor connection with it and escaped alive, so——

Mr. EDGERLY. Well, I would encourage you to renew your connection.

Senator STAFFORD. Well, you have described very well the partnership compact in Boston, which interested me a great deal. I assume that a major problem here, and a reason for the partnerships in connection with dropouts, is that even if you succeed in educating a potential dropout, or one who has dropped out, if there is no job to go to after the training is completed, then the whole process has failed in any event. Is that a major reason for establishing the partnerships between business and education?

Mr. EDGERLY. Yes, it very clearly is. It is both the provision of a job, the priority given to that objective, and, you might say, the feedback that takes place between what are employable skills and what are the schools trying to do.

That feedback loop is a real opportunity. What happens in the compact is the companies on the one hand set a priority hiring process and numerical goals. For example, this year we will hire, if we meet our goal, a thousand graduates, but we will not only do that, we will hire 2800 students for part-time—that is, for full-time summer jobs.

And so there are significant opportunities of that kind that I think we are all seeing.

Senator STAFFORD. Thank you very much.

Mr. Foster, could you describe just a little more how you are dealing with dropouts in Los Angeles?

Mr. FOSTER. We have a substantial program called Focus on Youth where we have taken the lead to bring business resources plus the resources of the United Way organizations into a partnership with the schools, and their support facilities, the counselors and that kind of thing, to really focus in a very individual way on kids who have all of the earmarks of dropping out. It is really kind of sad when you think about it, because you can profile a student that is in the 12th grade and predict with high certainty who is going to drop out and who is not. And it is important in the context of Chapter 1, because one of the problems that we have experienced with Chapter 1 is that it helps kids break out of that initial handicapped area and be successful, only to find that the support that helped them break out is no longer available, and consequently they go through another failure cycle.

And by the time they reach the 10th or 11th grade, that failure cycle becomes critical. And what we have done is we have identified on that profile basis those kids most likely to drop out in the 10th to the 12th arena, and in the initial trials where focus on youth was applied, and we now have it in three high schools—this year we are expanding it to three more—we have enjoyed a 60 to 70 percent success rate in retaining those kids in school. So it is a successful program and one that, hopefully, we can expand.

Senator STAFFORD. Thank you very much.

Finally, let me address this to any member of the panel who might be willing to respond. The Senate Subcommittee on Education is presently considering a $50-million-a-year program to reach high school dropouts. This Senator is thinking of offering an amendment to require that 50 percent of those funds, which now go directly to school districts, be given to joint school-business community-based organizational partnership programs.

Would any of you care to comment on that proposal? Should I go ahead with it, or should I forget it?

Mr. FOSTER. At the risk of——

Senator STAFFORD. Mr. Foster?

Mr. FOSTER [continuing]. I would urge you to go forward with it. As a matter of fact, we have expected our schools to be everything to everybody, and we have in place in the communities organizations that can help the school administrators deal with drug problems, deal with family problems, and all of those other things that, as a matter of fact, the school administrators are not equipped to deal with. And we really need, desperately, a mechanism to bring those organizations into play in cases where we have dropout conditions.

Senator STAFFORD. Thank you.

Is there disagreement from what has been said?

Mr. Edgerly?

Mr. EDGERLY. Not disagreement by any means, only a suggestion that the opportunity does exist to open up room for creative, innovative ideas, and that if—and it is a great initiative that you are describing in its potential.

I think the opportunity would be to invite different school districts to put forward programs that might differ one from another, but have the essential features of how effectively has a partnership been created, and how integral to the program are measurable goals. And that would be an addition, perhaps, or a refinement. The fundamental idea is very attractive.

Senator STAFFORD. Is there any other—any disagreement, generally?

Yes, sir?

Mr. MARSHALL. I am not—I do not believe I am disagreeing, Senator, but I want to be sure I understand what you said.

Did you say that the $50 million which will be proposed would not be something more than that if they were partnering with business, but half of that would be focused on a business partnership with the educational system?

Senator STAFFORD. Yeah, I propose that 50 percent of whatever sum actually might be made available under this program go to—which has—otherwise would go directly to school districts——

Mr. MARSHALL. Yes.

Senator STAFFORD [continuing]. Go to community-based organizations between schools and—a joint organization between schools and business——

Mr. MARSHALL. All right.

Senator STAFFORD [continuing]. For dealing with the dropout problem. And my intention is, hopefully, that not only is the dropout, potential dropout or actual dropout, educated in a useful way, but that there be employment at the end of that education, so that the whole process does not fail and the student who has gone through the educational process is not completely disillusioned because there is nothing waiting for him, which may make him more unhappy than if he had never had the benefit of the education.

Mr. MARSHALL. I agree completely that the end product of any motivator must be a job, and a good job, and not just a position. My only concern, and I will probably be outvoted four to one here—I

should probably lay low—but it does concern me to offer half of that money on the basis that they would have to partner with us. I am probably very naive, but I would prefer that they want to partner with us because we show them so much we can help them that they do not have to do it in order to get the money. That is my only concern.

Senator STAFFORD. Well, thank you. I am asking for advice here, so if I did not want to find out what you think, I would not be asking.

Yes, sir?

Mr. PARRY. Senator, I do not think I am totally disagreeing, either, and I think perhaps the question illustrates the enormity of your gentlemen's job in running this country.

At the point that we are trying to get at, that is, once there is a graduation process, the real measure of whether we have succeeded as a country or not is whether there is a job out there at the other end, and that, from a policy formulation standpoint, is just—gets back into the budget deficit and all the other things that have—that go along with it. So I tend to agree, and I also tend to agree that I would suggest that it not be too stultifying in structure; that it be broadened so that creativity can come into various structures to solve the kind of problem you are talking about, because dropouts are just an enormous problem in this country.

Mr. WOODSIDE. Senator, I wonder——

Senator STAFFORD. Yes, sir?

Mr. WOODSIDE [continuing]. If I may just add something to this.

I, Mr. Marshall and I, run the education committee of the New York City partnership, and we have found in a very tough kind of way that we have to be very careful about the way in which we relate to the school bureaucracy. And there is nothing worse than to be insistent rather than to be a volunteer to help them solve what is basically a problem of theirs within the system. And we have—this has been a painful lesson that we, Chuck and I, have both learned these last few years as part of our partnership efforts.

So I think that is a concern that we would have. It has got to be cautiously handled, though I think it can be, in terms of the bill.

Senator STAFFORD. Thank you very much, gentlemen.

Mr.——

Mr. FOSTER. I guess I would go one step further, Senator, and say I would really like to see it provided on an incentive basis, and perhaps if you were to make the funds available on the basis that they could go out and match them from business or other sources, it would really cause a viable partnership, as opposed to one that works if everybody is of a like mind, which is often not the case.

Senator STAFFORD. Thank you all, gentlemen, you have been very helpful, and I personally appreciate it, and I am sure our committee will.

Mr. Chairman, I will yield the floor.

Chairman HAWKINS. Mr. Woodside, your closing statement sounded very much like my distinguished colleague to my left here, the type of a speech that he would have made in his district concerning gateways to opportunity. So I will yield to him to propose a question.

Mr. Kildee?

Mr. KILDEE. I was not sure which one to your left, was that political or directional?

Chairman HAWKINS. We are skipping over Senator Simon at the far end. He is to the extreme left.

Mr. KILDEE. It has been said that education is a state responsibility, a local function, and a very important federal concern. Now, with that tripod in mind, let me ask you this.

The President has proposed the total elimination of the federal funding for vocational education. Do you think that is a prudent way to go, to eliminate the federal funding for vocational education?

I will ask—let us see—Mr. Woodside first.

Mr. WOODSIDE. All right. I think I was on my way to volunteering on that one.

I, as with most very direct questions, it is a very difficult one to answer. I look at the 200 million that is the administration's proposal to add to Chapter 1, but I look at what they are taking away in terms of school lunch, and the vocational training programs, and it looks to me as if there is massive reduction planned in the total expenditures of the Department of Education. And that I do not approve of.

I am not a great supporter of vocational training and education. I think much of it is outmoded, out of date. I think it is a major part of the school curricula that has to be looked at closely. It is about as out of date as the kinds of skills that they teach in penitentiaries these days, and I am not certain that it really is very much help from an employment standpoint.

But I do not think you solve that particular problem by getting rid of all of the money that goes to fund it. You tackle that problem by trying to make your vocational education relevant to the work experience in the world around.

Mr. KILDEE. Yes, it does not seem that a program, with some deficiencies, would be improved if it were bankrupted.

Mr. WOODSIDE. That is exactly right. I certainly do not approve of that.

Mr. KILDEE. Let me ask you this, In Flint, Michigan, my city, the birthplace of General Motors, they, General Motors, found it necessary in the last three or four years to retrain many of their workers to meet foreign competition, and they are still very much in that competitive mode right now. In this effort they joined with a consortium of four public educational agencies to retrain the workers.

They found out that in so doing many of the workers really needed basic skills, reading and math, before they could even enter into the technological training. Has that been the experience with you gentlemen in your businesses? Could you respond to that?

Mr. PARRY. It certainly has been with respect to our experience. The cadre of people we find, individual potential employees we find, coming from the available pool of probably mostly unemployed, simply are in the main not capable of taking right on the kinds of jobs at the levels that we need. Reading skills, basic logic capabilities, simple arithmetic capabilities, communication capabilities which are becoming extremely important in the workplace. We are trying to drive the decision process down in our organiza-

tions, and those communications skills are central to making those programs work within our companies.

So right at the bottom, it is incredibly important to have them, and quite frankly we are not very good educators of basic skills. That is not what we are trained to do, and when you get right down to it, I do not think we are very good at it. Skill-specific things which relate to the job itself I think we are very good, and that gets to your vocational education, because I share Bill's problem with most vocational education; it is totally outmoded, it is just not serving our function very well in this country at all.

Mr. KILDEE. Yes.

Mr. EDGERLY. The Job Training Partnership Act is a very interesting interplay with this discussion. It used to be CETA, became the Job Training Partnership Act, and the word "partnership" was a very key word.

Much of what we have all been doing in skills training has been under that particular program. Our experience in Boston with the private industry council was that, early on, we discovered that about a third of what we were spending was in catch-up or remediation, that is, that it was a skills training program initially, but that we soon found that a lot of it was either you are going to be creaming, in effect, giving people skills who were not the most disadvantaged, or you were going to spend substantial amounts on just catch-up on reading, writing, and arithmetic.

That is what caused all of us to then look back into the schools, and it is the reason that these two initiatives on the part of Congress are very closely related. So that it becomes almost obvious that we have to work to bring those basic skills up before we can impart the employability skills, the kinds of things you need to carry on the job.

Mr. KILDEE. On the point which I think several of you are making, and I think it is relevance to some of the vocational education programs, perhaps what we have to do as a nation is to try to encourage whatever we can do to tie together basic skills and technological training. I would suggest tying together ratio and proportions in math, for example, with technology, rather than deliver those separately. I think good vocational education does do that, and I think there have been some changes in vocational education, but I would suggest tying basic skills together with technological needs.

Mr. Woodside?

Mr. WOODSIDE. Listen, I would not like to be misunderstood. We are talking technical education, vocational education, if you will. I think there are just as many things wrong with the poor curricula in most high schools, public schools, around the U.S. as there are with vocational training. I do not want you to think that this is the only complaint I have against the educational system.

Mr. KILDEE. And again, I think that if we do recognize that education is that state responsibility, local function, or federal concern, we should be very careful before we withdraw the tangible manifestation of the federal concern, which is our dollars, because that could just lead to further deterioration.

Would anyone else want to comment on my basic question?

Mr. FOSTER. I would just say I fully agree that we should not withdraw those dollars. We should make sure we have some flexibility in how we use them. And I will just cite a couple of specific examples.

The junior college or the community college level is highly involved in vocational training in the Los Angeles area, and throughout California. We embarked on a partnership with them to try to improve the product of that as a member of L.A. Chamber of Commerce education committee. And they were about to build what they characterized as a trade technical college. Instead of that, what we have is a partnership program where they bring students in and use plant facilities that are currently being involved in the manufacturing process. Takes a great deal of effort to get that done, but it trains them on today's technology, it trains them in a skill that really has a job related to it. That company becomes very interested in the product of that vocational training effort, and is a much more viable way to go about it.

We had a great deal of difficulty with the bureaucracy in order to bend the rules, if you will, enough to allow us to do that. So when you write legislation authorizing that kind of thing, you have got to keep in mind that flexibility is needed at the local level to make it work.

Mr. KILDEE. Thank you very much. I am really encouraged by your presence and your testimony here this morning, all of you. Thank you very much.

Thank you, Mr. Chairman.

Chairman HAWKINS. The Chair will yield to Senator Simon. Paul, it is a delightful experience to have you back on this side of the Capitol, in the House of the people for a change, and we welcome you back to almost where you sat, I believe, before you left here, and it is a pleasure to have you join with us this morning in this hearing.

Senator SIMON. Well, I thank you, Mr. Chairman, It is a pleasure to be back here, and when I was here, you were in the number two spot rather than the number one spot. It is good to have you as Chairman here, succeeding Carl Perkins, who was a very fine Chairman.

First of all, I want to say I am impressed. I think it is a great thing that the five of you are here. The old days when business could be off here and education could be off there and the rest of government could be off somewhere, all living in splendid, comfortable isolation, that simply has to be a day of the past. And you are part of the cutting edge of where we have to go.

I would point out, Mr. Chairman, that Chuck Marshall here is originally from a small town in southern Illinois. That is why his words have such added weight here before the committee.

And let me add, Mr. Woodside, you testified here not too long ago, and shortly after being—hearing you testify; I was at the meeting where I sat next to Frank Considine, who is CEO of your number one competitor, National Can, and I said, I was really impressed by Bill Woodside and his testimony.

And Frank Considine, your competitor, had glowing words of praise for Bill Woodside. I thought I would just pass that along.

The—in talking about Chapter 1, you in your closing statement, Mr. Woodside, said we are setting the level of tomorrow's payoffs, and I agree. But it has been interesting to me how all of you, and I guess those of us up here, have moved beyond Chapter 1 very quickly. And I, Mr. Edgerly, for example, you talked about the Boston area, where you have about two and a half or three percent unemployment rate, you, even in that area, you talk about sizable population, and I am quoting, "that is not only unemployed, but unemployable."

Mr. Parry, in your excellent response to one question, talked about the division we are creating in our society, and I do not think we have really faced up to that. But as you talk about the need for a new class of employees, Mr. Foster, I looked at your statement, where Belmont High School in Los Angeles has a 65.5 percent dropout rate.

You know, we are creating more of those unemployable adults that Mr. Edgerly was talking about.

Two more quick comments, then I want to give an assignment to each of you.

Chuck Marshall, in your statement, you mentioned something that is part of the cause of our problem of policy that we did not—we have not consciously created, but has evolved in our society, as it has in most counties; talk about the high concentrations of the poor in urban areas. Part of the reason for the problems we have today is we have stockpiled the poor in urban America, not intentionally, but through a series of small things, we have done that, and I think it compounded the problems that we have.

Finally, Mr. Woodside, in your statement, you have, under Point No. 9, you used a word that I would like to be—make part of the assignment to all five of you, if I may. You used the word "vision".

I would like to ask each of you to send a letter to the committee, with a copy to me and a copy to at least those of us who are here, if you can—I see, Mr. Parry, you are going to take a note—if all of you can do this, I would like you to spell out for me, not at length, but maybe a two- or three-page letter, what your dream would be for education in America. I include not simply the traditional structures; I am including the adult people, those unemployables that Mr. Edgerly talked about; I am talking about preschool children. Just spell out, if all of a sudden President Reagan were to say you, you know, you are going to be the Secretary of Education, we are going to give you a blank check, you do what you would like to do.

When I say a blank check, I do not mean just a dollar check, but in terms of what you would dream for this country. The assignment is yours, and you will all agree to accept it?

Mr. WOODSIDE. We would be happy to, Senator.

As you can tell from this group, we are all involved up to our necks in education in big urban areas, and we all are doing many things on many fronts. The Chapter 1 happens to be an important front that we are focused on today, but New York, as does Boston, has a summer jobs program; in New York it is now up to 37,000 jobs created this last summer, and will be 41,000 jobs this next summer.

So we are all actively involved. We have one of our major efforts, Mr. Marshall, from that small town in Illinois is working on, is acting as a management consulting firm with talents across the whole New York business community in dealing with board of education problems. And this can be everything to the underutilization of the school lunch program to security programs in grade schools.

So we are deeply at work in a great many different areas of education. I probably spend as much time in Albany as I spend in Washington, because, while I am after federal funds, I am also after the maximum amount of state funds I can get flowing to New York City out of Governor Cuomo's budget.

So we are involved in many, many ways. It is disheartening at times, but we all have a vision of what, really, this world should look like in educational terms. And, speaking for myself, and hopefully for the other four, I will be delighted to provide that letter for you.

Senator SIMON. Great. I will look forward to receiving that. And again, I commend all five of you. You are impressive witnesses, and it makes you feel better about the future of this country to have the five of you testifying here.

Thank you, Mr. Chairman.

Chairman HAWKINS. Thank you. Thank you.

I join in that commendation. Recently, the Secretary of Labor, Mr. Bill Brock, indicated that the business community and educators were like two ships passing each other in the middle of the night. Though it was a rather profound statement; it probably describes the situation in general, and it certainly does not describe the situation in the case of the witnesses before us today, representing corporate America. You certainly are heavily involved in education, and I am sure that education itself is highly respectful of the role that you are playing.

I join in indicating that it has been a most pleasant hearing. You at least succeeded in getting the Senators to join with the House Members today; that is an unusual situation itself. And I am sure that it will profit us in the long run, because we will not have to repeat this hearing over on the other side.

It has been a very productive morning, and we certainly appreciate what you have done. Bill Woodside, we certainly appreciate your efforts and the efforts of your staff in putting this hearing together, and we certainly will continue to call on you in every way possible, as we wade into this highly controversial and rather difficult problem.

Senator Stafford, do you want to say anything in closing?

Senator STAFFORD. Well, thank you, Mr. Chairman.

No, I just want to join in appreciation to all of the witnesses. I know it has taken them a lot of time and trouble to be here, and I think their advice to us has been very helpful in actually formulating what legislation we may produce this year on elementary and secondary education and vocational education when we get to it.

Chairman HAWKINS. The Chair must ask the forgiveness of our distinguished colleague, Mr. Gunderson, whose presence I did not note. I did not know that he had joined us.

My apology, Mr. Gunderson. We certainly will yield to you at this point.

Mr. GUNDERSON. Mr. Chairman, you do not owe me any apology. I was going to ask you after the hearing if I had done something wrong I did not know about, but do not worry.

Chairman HAWKINS. No, you, for once, you have done something right.

Mr. GUNDERSON. I was going to make the comment, you know, that I was all set to compliment this panel of businessmen for their outstanding testimony today, but I thought it was far more appropriate for a Democrat to compliment businessmen than a Republican, so—and in speaking of doing something right, I guess it is a morning where we are doing that on both sides.

Gentlemen, I do have a couple of questions. First and foremost, I have suggested over the last couple years that any increased appropriations probably ought to be focused on the war on illiteracy.

As you well know, and as we have discussed here earlier, Secretary Brock has called for a tripling of funds for training and retraining. If you were to prioritize where we ought to focus any increased federal dollars, should they be available, would you direct them towards Chapter 1 and other literacy programs, or would you direct them towards the whole retraining initiatives and competitive initiatives that we now are considering in this Congress?

Mr. PARRY. May I try that, Congressman?

Mr. GUNDERSON. Sure.

Mr. PARRY. The whole retraining structure, if the base is not sound, is going to fail. If the problem of illiteracy, and increasing illiteracy, functional and otherwise, in this country is not solved, then we are going to be throwing away an enormous amount of money in attempting to specifically train individuals for various and sundry positions.

So that the elementary and secondary educational base, which I consider to be very weak in this country today, with respect to those basic skills, reading, writing, arithmetic, etc., is the real fundamental problem that we have to solve, or at least get on the road to solving, before we should increase large programs with respect to job-specific training.

Mr. FOSTER. I would like to just make an observation, that I wish that we could isolate decisions in that way. As a matter of fact, the world we live in is so complex today that you really cannot do that. I can look and say with some degree of certainty that today's graduating high school is going to have to be retrained twice and probably three times in their working career to stay current with what is happening in our society.

We can no longer have education be something that happens in the first third of your life. I know most of the businesses represented at this table have substantial tuition aid programs where we help our own employees go about a constant retraining process. We have got to be sure that we make that available to everyone.

So I certainly would endorse attention paid to the retraining area. At the same time, we have got to make sure we produce a good product initially. We cannot ignore the Chapter 1 element that we are addressing here. A lot of these people will never get an opportunity to be retrained if we do not have Chapter 1, because they will never get trained in the first place, and they will wind up being supported by us with federal funds and state funds in our

penitentiaries. And I think that is the biggest crime we could perpetuate.

So I would say we have really got to do both. There—we do not have the option that you allude to.

Mr. EDGERLY. There is this——

Mr. WOODSIDE. Go ahead, Bill.

Mr. EDGERLY [continuing]. Go ahead.

There is this spectrum that Jerry talks about, and they are inseparable. And one might characterize this as adult illiteracy, skills training, and the public schools with its own spectrum down to preschool. And because of this interlink, it is very important to look at the whole range of issues.

I mentioned earlier the desirability of thinking about the Job Training Partnership Act while at the same time thinking about the legislation before you. Because of this spectrum of needs, and the fact that you cannot separate, one can become discouraged, perhaps, about the need to apply funding to the whole range in order to have a comprehensive and effective program.

The point I would like to make is about leverage. After all, the local governments and school systems, the state governments, and the private sector in many ways are all focusing on the same range of needs, and I would look forward to opportunities that might develop in your deliberations to creative ways to provide incentive programs to gain the leverage, that is, the matched fund idea, the whole opportunity to invite creative programs that increase the amount of resources and the amount of effort that is applied to those programs that are funded by these—this legislation that you are looking at.

So looking for—you have to work across a spectrum, and there are many different varieties of opportunity for leverage across that spectrum.

Mr. GUNDERSON. Mr. Woodside, you wanted to——

Mr. WOODSIDE. I suppose, Mr. Gunderson, I agree with everything that has been said. I suppose the only footnote that I would add, since this is a typical budget problem with no real answer to the kinds of things that one would like to do or even feels are necessary, I would cast my vote in favor of the younger generation, if it really came to a weighting of this. I think it has to go to the young, because that is where the long-term impact on the system is going to be. The other is a certain amount of finger-in-the-dike business, and will continue to be so for some time to come, until we can begin to shore up the underpinning of the U.S. education system.

Mr. GUNDERSON. I would very much like to encourage the five of you to go back home and to commit yourselves to writing a book on excellence in education, because I think this committee and our society need the kind of imput that you are talking about, and thoughts from a business perspective as to what we need to do in our education delivery system. I particularly appreciated the comments, I believe, by Mr. Woodside and Mr. Parry on vocational education. As a very strong advocate for vocational education, I have suggested that perhaps our vocational education system needs to change its focus, and I must indicate to you that my remarks have

not been met with a warm reception from the vocational education community.

I am going to take down the transcript of what you said about vocational education today, and quote you, and would hope that if you have a moment and dictaphone on a plane sometime to expand on your thoughts, I would deeply appreciate it, in terms of what you believe our vocational education delivery system ought to be in this country.

I do want to ask a final question which is a difficult one, but one that this committee and this Congress is dealing with. If we are going to fully fund Chapter 1, we are going to have to approximately double the appropriation. It means another three to four billion dollars. You are well aware of the Gramm-Rudman-Hollings constraints that we have. You are also well aware, having read the Tax Reform Act of 1986, and the discussions about any possible increased revenue, that business is probably going to be asked to pay any increased revenue that comes down the pike in the near future.

You are also all savvy enough to understand that a simple statement of saying, taking money out of someplace else in the budget sounds good, it is easy, and it is probably difficult to do.

Are any of you willing to share with us some thoughts on funding a doubling of the Chapter 1 initiative?

Mr. WOODSIDE. Let me make a starting effort.

Speaking for myself, I do not think a doubling would be called for. I doubt if the system would even be able to handle a doubling of funds poured into it. So I am not—we are not talking that degree.

You and I obviously come from a different position on this. I find the—though Charlie shudders whenever he hears me say it—I find the Department of Defense a great unexploited gold mine for finding additional funds for social programs. And I am not at all reluctant to either deferring of the further reductions in personal income tax scheduled for 1988 or an actual increase in taxation to help fund some of these what I think are imperative social programs.

Mr. GUNDERSON. That is fine.

Mr. PARRY. I do not shudder; I may quiver.

Mr. GUNDERSON. Well, I just do not think it can get done. I do not disagree with you. I just do not think it is going to happen.

Mr. PARRY. Well, until we—and I speak of we as a nation, which includes all the sectors of it, Congress and their constituency—face up to the fact that we are as a nation spending more than we are producing, we are not going to solve the problem, either. I fully appreciate your problems with respect to your constituencies. I have never been in that position, but I understand it, because I, too, have a lot of constituencies.

Bill is right. You either—the reduction of the budget is an imperative that this nation must not avoid. Changing the Gramm-Rudman target is a nice way to do it, and that will solve the problem, I guess, for the next year or so, and just pass it on to our grandchildren. The funding of the budget deficit is imperative. Getting it down is imperative. And if collectively you cannot face up to politically impossible decisions with respect to expenditure reduc-

ons, then I submit to you that there is only one alternative, that known euphemistically as a revenue enhancement.

I always loved that term.

Mr. MARSHALL. I find myself in a me-too mode here, but it rikes me that education is a core business, and in the corporate orld that we all work in, you do not let your core business get way from you. And therefore we must maintain the educational rust.

I would like to believe, too, there are some peripheral areas here each of us, if we were dictators, could selectively say, let us ut something. But I go back to the old Fram filter commercial hat we have also seen so often, that those of us who pay corporate axes, and those of us who pay individual taxes that happen to be n the higher brackets, really ought to understand is pay me now r pay me later. Because if we defer rebuilding the basic education f the people in this country so the next generation can be em-loyed and can contribute, we are going to pay much more dearly.

So we ought to be willing to step up to the fee.

Mr. FOSTER. I really would like to say that I, you know, I do not hink we really have any option about funding the basic education rocess. That really is fundamental to our society, and I think it is a job that has to be done.

I would not want to go by the fact, though, that when you look, I guess, at this table, you see some industries that have gone hrough some very fundamental change, and some very fundamen-al improvements in technology, the way we do the job. I believe hat the education system has before it an opportunity to be much nore cost-effective in terms of what it delivers.

And it seems to me that when you go through the re-enactment process, we need to look at the incentives for improving the cost-effectiveness of the delivery system. I say that, and I could spend hours telling you things that I see going on within the system that will make that happen, but I believe that when you look at it, you really have got to provide some incentives to the education community to do a better job, number one, and to do a better job in a more cost-effective way.

Mr. EDGERLY. I doubt that the answer is doubling the funding, and I think I share with everyone on the panel the idea about productivity. The resources available are clearly finite and limited.

Just to use an example, in Boston we spend about $300 million on our public schools; we have $15 million of Chapter 1 funding. The need is to get productivity out of the 300 million, and the opportunity is to get that from leverage, that is, from involving the whole community and various kinds of partnership effort.

So I would hope that the focus of the committee might be, as has been suggested, less on the idea of more dollars, although more are clearly desirable if available, but as much as possible on the idea of incentives for creative programs, those that will bring in more partnership, more collaboration, more use of measurable goals and so on.

Mr. GUNDERSON. I am well beyond my time. Thank you all very, very much.

Thank you, Mr. Chairman.

Chairman HAWKINS. Thank you, Mr. Gunderson.

Gentlemen, I think that has just about concluded the hearing. Again, we thank you, and certainly look forward to a continuing dialogue with you. You certainly have contributed substantially to the question of finding solutions before this committee; for that we are very, very appreciative.

The joint hearing is concluded.

[Whereupon, at 11:40 a.m., the subcommittees were adjourned.]

[Material submitted for inclusion in the record follows:]

J. L. Clendenin
Chairman of the Board

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April 10, 1987

Honorable Augustus F. Hawkins, Chairman
Committee on Education and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

I would like to commend the committee for convening the March 16 joint House and Senate hearing regarding Chapter I of the Elementary and Secondary Education Act of 1984. I regret that I was unable to participate, but I do want to add my concern that federal efforts to supplement the education of poor children, as sponsored through Chapter I, be continued.

As the Chairman and Chief Executive Officer of BellSouth Corporation, I am aware of the role education plays in building our future productive capacity. Recent participation with various education and employment related community organizations has given me added insight into the broader policy issues. My involvement as Chairman of the National Alliance of Business, Chair of the Chamber of Commerce's Education, Employment and Training Committee, member of the Business Roundtable's Employment Policy Task Force, and former PIC Chair in Atlanta has highlighted the strong relationships between education, employability, and economic vitality.

Chapter I has a 20 year history of success in helping economically disadvantaged children increase their academic achievement. The need for the Chapter I programs may be greater now than at any time in the last 20 years: presently, one out of every five children in America comes from a low-income family. State and local systems with concentrations of poor families are hard-pressed to supplement their educational programs from local resources. Unless our educational system provides opportunities for all children to succeed to the best of their abilities, we will not only perpetuate a two-class society, but we will limit the development of the human resources necessary for our country to remain highly productive and competitive.

Again, I want to thank the committee for holding hearings on this important issue. If there is any way that I can be of assistance to you in this reauthorization process, please don't hesitate to let me know.

Sincerely,

Charles Marshall
Vice Chairman of the Board

550 Madison Avenue
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212 644-1000

April 22, 1987

The Honorable Paul Simon
U.S. Senate
Washington, D.C. 20510

Dear Paul:

It was certainly good seeing you again in Washington and testifying before the Senate-House Committee on Chapter I funding. I wanted to respond to your suggestion that we each provide some thoughts on the future for education in the United States. While I do not claim to be an expert in the field of education, I do have some ideas on the subject.

As recent studies of our nation's schools have emphasized, education at the elementary level must concentrate on basic learning skills: reading comprehension, writing and an understanding of fundamental mathematics. These skills open the way to other knowledge and enable students to express their own ideas and personalities. Without these skills, of course, a student is blocked in his or her attempts to learn. That is why I consider so important programs such as Chapter I, which go an extra step towards imparting these basic learning skills to economically and educationally disadvantaged youngsters.

As essential to education and learning as these basic skills is an understanding and appreciation of values. In our society where separation of church and state is a constitutional premise, schools and teachers cannot enmesh themselves in religious teaching. But the weakening of the traditional family structure and the role of religion in our culture often leaves the school as the only institution where many youngsters can learn the moral values that have traditionally bound the human family together.

As you know, there have been constant efforts of varying effectiveness to enhance vocational or career education in this country. When these efforts fail, the hard truth is that many students who have no desire or aptitude for college graduate from our high schools without marketable job skills, to say nothing of those who drop out and never reach graduation. Unsure of themselves to begin with, and unable to find good jobs, these youngsters soon become part of a grave national problem. Many school systems have broad-ranging programs, extending from the elementary years through high school to help students better appreciate the choices before them and to take correct steps toward realizing their career goals. Effective programs of this kind would be invaluable in all schools.

Any significant improvement in our nation's schools obviously depends on our teachers and administrators. Some of the world's greatest minds have belonged to teachers, yet many people today seem to regard teaching as relatively less challenging and fulfilling than other careers. Changes in our society's perception of teachers must begin with teachers themselves. They must be made to feel proud of their profession, conscious that others respect them for the vital role they play in shaping the future of young people.

Colleges and universities can do a great deal along these lines. All college students, those in schools of education, as well as those pursuing other degrees should have a required core curriculum in the arts and sciences, enhancing their knowledge of various disciplines and their respect for those who are truly learned in different fields.

Finally, teachers' pay should be on a par of other professionals; unless we are willing to compensate teachers more adequately than we currently do, there is little hope for attracting high-caliber students into the teaching profession and no hope for any fundamental improvement in our education system.

I hope these few reflections will be some help to you, Paul. If you have any questions or would like any additional information that I might have, please feel free to call.

Charles

Charles Marshall
Vice Chairman of the Board

c.c.: The Honorable Claiborne Pell
The Honorable Augustus F. Hawkins ✓

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March 23, 1987

The Honorable Paul Simon
U. S. Senate
Washington, D. C. 20510

Dear Senator Simon:

I am glad to respond to your question about my vision for education in this country.

First, I look for a wider appreciation that education is everybody's business. That means federal, state, and local governments, and it means both the public and private sectors. To this end, it is helpful that the connection between education and economic development is now more widely perceived. It will also be helpful if more of us become actively concerned about the development of an underclass in our society.

Second, I look for broader recognition that the central issue is what happens in each individual school. This includes the crucial element of outside support for what goes on in the school, such as parental involvement. It has been demonstrated time and again that an effective headmaster can create a successful school under even the most adverse conditions. What we need is to improve those conditions and, in particular, to remove the disincentives that many school systems place in the path of those who could become effective headmasters. Headmasters need to be given more scope for making decisions and more accountability for results in their schools.

Third, both federal and state governments should seek to support local school systems in ways that help them help themselves. Local systems spend far more of their own localities' revenues on the public schools than of federal or state funds. In many cases, they are not spending the money effectively. The primary role of federal and state programs should be to create incentives to discontinue approaches that don't work, or that overlook important needs, and to try new initiatives. In encouraging new initiatives, successful experiences that have worked elsewhere should receive the most emphasis.

Next, I look for wider understanding of the potential for productive linkages between all levels of education and between education and jobs. Any new legislation concerning education should take fully into consideration the Job Training Partnership Act. I believe a more integrated approach to legislation in the closely related fields of education, skills training, and jobs would have surprisingly fruitful results.

We have been surprised in Boston during the past few years at the level of energy and creativity that are released by recognizing and building upon these linkages. For example, the Boston Private Industry Council, which started its existence in 1979 as a skills training agency under Title VII of CETA, inevitably became involved with the schools when it saw that a third of its funds were being spent to remediate educational shortcomings. This evolution in the PIC led to the creation of the Boston Compact, which links the schools closely with the city's employers. The employer Compact was followed by complementary agreements between the schools and the colleges and universities in the area and between the schools and labor organizations.

Another area that needs to be addressed more effectively is the governance of our school systems. If we are to have successful school administrators, from headmasters to superintendents, we need to take as much of the politics out of the management process as possible. The school superintendent needs to have adequate authority to make personnel decisions and to enter into contracts. School boards need to focus their attention on educational policies and objectives. Local government needs to improve its ability to correlate educational needs with other budgetary issues.

To look for change in the area of governance may sound utopian because of the complex political variables involved. However, some localities are recognizing that failure to move in this direction is holding back the progress that must be achieved if long-standing barriers to successful public education are to be lowered fast enough to head off stagnation and failure. Creative federal and state programs that included appropriate incentives could help accelerate such changes.

I look for the teachers' unions to become active and constructive participants in efforts to modernize the educational process. We need to move much more decisively toward utilizing modern technology in teaching. The growing recognition that our schools will be losing a large portion of their teachers to retirement in the coming years, and that we will need to recruit many new people into the teaching profession in competition with other career opportunities that look more creative and rewarding, should motivate union leaders to heighten their interest in progress. Union leaders naturally have concern for job security for their present members. However, such apparently conflicting objectives have been dealt with successfully in other industries as an inherent part of technological progress.

Finally, I look for an approach to funding, at all levels, that is based on the reality that creativity and initiative must be unleashed if we are to escape the trap of throwing more dollars at education with as little progress as we have made in recent decades. We are wasting billions of dollars by perpetuating outmoded and ineffective methods in our schools. It's time that we stopped debating at the national level over whether education is more important than defense, or at the state and local level over whether our children are more or less important than our highways or public pension plans, and started putting more emphasis on getting more for our money. In my vision for education in the years ahead, I see some of the changes that I have outlined contributing to this objective.

Thank you again, Senator Simon, for your invitation to express my views more fully. I appreciated very much the opportunity to take part in the active and constructive discussion that occurred in the Committee's hearing on March 16th.

Sincerely,

WSE:r
cc: The Honorable Claiborne Pell
The Honorable Augustus F. Hawkins